

Company Report

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Strategy Advisors Co., Ltd.

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Profitability Improvements Are Beginning to Emerge in the B2B Subscription Business, Driven by Know-How Accumulated Over 25 Years in B2C Subscriptions

The company has developed primarily around Oisix, which was established in 2000 to sell organic ingredients online. However, since its IPO in 2013, through aggressive M&A and other initiatives, it has succeeded in establishing an overwhelming position in the high-value-added food B2C Subscription industry (with approximately 460,000 domestic subscribers and about 4,000 contracted producers). Furthermore, in 2024, the company acquired SHiDAX, which focuses on the food service business, marking a full-scale entry into the B2B Subscription sector and securing a new growth driver.

While the high-margin B2C Subscription (food delivery) business remains the mainstay of profits, the B2B Subscription (food service) business - which saw a 9% increase in revenue and a 117% increase in profit in FY3/26 - is driving growth. In October 2025, the company sold its Vehicle Operation Service business, for which group synergies were not expected, and has subsequently concentrated management resources on its core B2C Subscription and B2B Subscription businesses.

The medium to long-term targets for FY3/30 are net sales of ¥325 billion, EBITDA of ¥19 billion and EPS of ¥175. Planned CAGR from FY3/25 through FY3/30, excluding the Vehicle Operation Service business, is projected to be 7% for net sales and 14% for EBITDA. Considering EBITDA by business segment, significant growth is expected in the B2B Subscription business due to an increase in net sales and improved profitability. The EBITDA margin for the B2B Subscription business in FY3/26 improved by 1.6ppt YoY, marking a solid start toward achieving the medium to long-term targets.

The company's equity story centers on "organic growth driven by a fundamental improvement in profitability in the B2B Subscription business, leveraging the business foundation and know-how cultivated over a quarter century in the B2C Subscription business" and "a transformation into a leading company in the B2B Subscription business, driven by inorganic growth through a roll-up M&A strategy". If both aspects of this equity story are realized, the currently low forward PER is likely to rise significantly.

Stock Price and Trading Volume (Past 1 Year)



Source: Strategy Advisors.

Key Indicators

Stock Price (6/2/26)	1,476
52-Week High (8/14/25)	1,936
52-Week Low (3/23/26)	1,316
All-Time High (9/24/21)	5,120
All-Time Low (19/5/14)	394
Shares on Issue (mn)	34.7
Market Capitalization (¥bn)	51.3
EV (¥bn)	74
Equity ratio (3/26 Actual, %)	25.3
ROE (FY3/26 Actual, %)	15.7
PER (3/27 CoE, x)	11.1
PBR (3/26 Actual, x)	1.9
Dividend Yield (3/27 CoE, %)	1.8

Source: Strategy Advisors.

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Although EBITDA expanded following the acquisition of the SHiDAX Group, it is difficult to say that the acquisition itself was well-received by investors due to factors such as sluggish profit margins. However, given the rapid progress of a series of reforms, including the reorganization of group businesses, the evaluation of the SHiDAX Group acquisition could change significantly depending on the future performance of the B2B Subscription business.

Japanese GAAP - Consolidated

FY	Sales (¥mn)	YoY Change (%)	EBITDA (¥mn)	YoY Change (%)	Operating Profit (¥mn)	YoY Change (%)	Net Profit (¥mn)	YoY Change (%)	EPS (¥)	DPS (¥)
3/22	113,476	13.4	6,213	-30.2	4,171	-44.1	2,727	-45.8	74.6	0
3/23	115,176	1.5	5,595	-9.9	3,346	-19.8	1,807	-33.7	49.5	0
3/24	148,408	28.9	8,241	47.3	5,125	53.2	4,108	127.3	112.4	0
3/25	256,009	72.5	12,800	55.3	6,864	33.9	3,638	-11.4	103.1	0
3/26	251,419	-1.8	12,914	0.9	7,339	6.9	4,527	24.4	130.3	20
3/27 CoE	252,000	0.2	13,400	3.8	8,700	18.5	4,600	1.6	132.4	26

CoE: Company Estimates.

Source: Company Data. Compiled by Strategy Advisors.

Table of Contents

Executive Summary	4
1. Company Overview	6
2. Business Model	7
1) B2C Subscription Business	7
2) B2B Subscription Business	15
3) Social Service Business	18
4) Others.....	19
3. President Kohei Takashima’s Resume and Company History	20
1) Curriculum Vitae of President Kohei Takashima	20
2) Company History	23
4. Corporate DNA and Inimitability	29
1) Corporate Philosophy.....	29
2) Corporate DNA	30
3) Inimitability.....	32
4) Positioning Theory	34
5) Equity Story.....	35
5. Financial Strategy	39
6. Recent Earnings Trends	43
1) FY3/26 Results	43
2) Company Forecasts for FY3/27	46
7. Medium to Long-Term Outlook	49
8. Market Trends	55
1) B2C Subscription (Food Delivery) Market.....	55
2) B2B Subscription (Food Service) Market	59
9. Comparison of Financial Ratios with Similar Companies	60
10. Stock Price Trends and Valuation	62
11. ESG Initiatives	67
1) Oisix ra daichi’s Corporate Governance Structure	67
2) Oisix ra daichi Shareholder Composition	68
3) Oisix ra daichi’s Sustainability	70
12. Risk Factors.....	74

Executive Summary

Established a Dominant Position in the B2C Subscription Market for High-Value-Added Foods

The company has developed primarily around Oisix, which was established in 2000 to sell organic ingredients online. However, since its IPO in 2013, through aggressive M&A and other initiatives, it has succeeded in establishing a dominant position in the high-value-added food B2C Subscription industry (with approximately 460,000 domestic subscribers and about 4,000 contracted producers). Furthermore, in 2024, the company acquired SHiDAX, which primarily operates in the food service business, marking full-scale entry into the B2B Subscription business and securing a new growth driver.

B2C Subscription is the Main Source of Profit, While B2B Subscription is the Growth Engine

The breakdown of net sales by segment (based on net sales from external customers) for FY3/26 was as follows: B2C Subscription (food delivery) 37.5%, B2B Subscription (food service) 33.1%, Social Service (after-school care, etc.) 16.0%, Vehicle Operation Service (H1 only) 5.8% and Others 7.6%.

Meanwhile, the operating profit breakdown by segment (before adjustments) was as follows: B2C Subscription 56.2%, B2B Subscription 19.8%, Social Service 10.2%, Vehicle Operation Service (H1 only) 9.3% and Others 4.5%. While the high-margin B2C Subscription business serves as the mainstay of profits, the B2B Subscription business - which saw a 9% increase in revenue and a 117% increase in profit - is driving growth. In October 2025, the company sold its Vehicle Operation Service business, for which group synergies were not expected and concentrated management resources on its core businesses: the B2C and B2B Subscription businesses.

The CAGR Targets Excluding the Vehicle Operation Service Business Are 7% for Net Sales & 14% for EBITDA by FY3/30

The medium to long-term targets for FY3/30 are net sales of ¥325 billion, EBITDA of ¥19 billion and EPS of ¥175. The projected CAGRs between FY3/25 and FY3/30 are 5% for net sales, 8% for EBITDA and 11% for EPS. The CAGR excluding the Vehicle Operation Service is projected to be 7% for net sales and 14% for EBITDA.

CAGR Targets for Net Sales by Segment Are 13% for B2B Subscriptions & 3% for B2C Subscriptions

The breakdown of segment net sales targets for FY3/30 is as follows: B2C Subscription at ¥110 billion (CAGR 3%), B2B Subscription at ¥140 billion (CAGR 13%) and Others (the total of Social Service and Other Businesses) at ¥75 billion (CAGR 6%). Regarding EBITDA by business segment, significant growth is expected in the B2B Subscription business due to an increase in net sales and improved profitability. The EBITDA margin for the B2B Subscription business in FY3/26 improved by 1.6ppt YoY, marking a strong start.

2 Corporate DNA Elements

The company's corporate DNA consists of "a commitment to sustainable, better food for producers, consumers and the environment" and "a commitment to uniqueness, established through the continuous pursuit of redefining the 'new normal' in food".

2 Key Inimitability Factors

The company's inimitability lies in its "network of approximately 4,000 contracted producers nationwide" & its "demand-supply management capabilities underpinned by deep, trust-based customer relationships".

2 Equity Stories

The company's equity stories include "organic growth driven by a fundamental improvement in profitability in the B2B subscription business, leveraging the business foundation and know-how cultivated over a quarter century in the B2C subscription business" and "transformation into a leading company in the B2B subscription business through inorganic growth via a roll-up M&A strategy".

Expectations for an Increase in Forecast PER

In the B2B Subscription business, if the company succeeds in achieving the significant profit margin improvement targeted in its medium to long-term goals, or if it becomes a leading company in the industry through M&A that substantially expands its profit scale - even if only one of these occurs - the currently low forward PER is expected to rise. However, if both are realized, there is a possibility of a significant increase.

Possible Shift in Perception Regarding the Acquisition of the SHiDAX Group

Although operating profit and EBITDA increased following the acquisition of the SHiDAX Group, the acquisition itself cannot be said to have been well-received by investors, given the deterioration in the company's financial position and sluggish profit margins. However, given the rapid progress of a series of reforms - including the sale of the Vehicle Operation Service business and the reorganization of group operations such as making the food service provider a wholly owned subsidiary - the assessment of the SHiDAX Group acquisition could change significantly depending on the future performance of the B2B Subscription business.

1. Company Overview

Provides Food Subscription Services in Both B2C & B2B Formats

The group provides food subscription services in both B2C (food delivery) and B2B (food service) formats. Guided by the corporate philosophy of “Farm for Tomorrow, Table for Tomorrow,” the company has used business methods to address various social issues in the food sector, including food safety and security, concerns about radiation, food waste, difficulties in shopping, and the need for time-saving solutions. The company plans to change its name back to Oisix in July of this year.

Establishing a Dominant Position in the High Value-Added B2C Subscription Industry

The company has developed primarily around Oisix, which was established in 2000 to sell organic ingredients online. However, since its IPO in 2013, through aggressive M&A and other initiatives, it has successfully established a dominant position in the high-value-added food B2C Subscription industry (with approximately 460,000 domestic subscribers and contracts with about 4,000 producers). Furthermore, in 2024, the company acquired SHiDAX, which primarily operates in the food service business, marking a full-scale entry into the B2B Subscription business and securing a new growth driver.

Group Comprises 40 Companies

As of the end of FY3/26, the Group consists of the company, 35 consolidated subsidiaries and 4 affiliated companies. The businesses of the Group companies are classified into 4 business segments: B2C Subscription, B2B Subscription, Social Services and Others. The Vehicle Operation Service business, which was included in the business segments through H1 FY3/26, was excluded from the Group starting from H2 FY3/26 following a reorganization of Group companies implemented in October 2025.

B2C Subscriptions are the Profit Pillars, B2B Subscriptions Are the Growth Drivers

The breakdown of net sales by segment (based on net sales from external customers) for FY3/26 was as follows: B2C Subscription 37.5%, B2B Subscription 33.1%, Social Service 16.0%, Vehicle Operation Service (H1 only) 5.8%, and Others 7.6%. Meanwhile, the breakdown of operating profit by segment (before adjustments) was as follows: B2C Subscription 56.2%, B2B Subscription 19.8%, Social Service 10.2%, Vehicle Operation Service (H1 only) 9.3% and Others 4.5%. While the high-margin B2C Subscription business serves as the mainstay of profits, the B2B Subscription business - which saw a 9% increase in revenue and a 117% increase in profit - is driving growth.

Figure 1. Summary of Financial Results by Segment for FY3/26

Sales	FY3/25	FY3/26	YoY	Comp. Ratio	Operating Profit	FY3/25	FY3/26	YoY	Comp. Ratio
B2C Subscription	97,152	94,286	-3.0%	37.5%	B2C Subscription	9,361	8,265	-11.7%	56.2%
B2B Subscription	76,483	83,223	8.8%	33.1%	B2B Subscription	1,339	2,908	117.2%	19.8%
Social Service	36,512	40,349	10.5%	16.0%	Social Service	1,226	1,505	22.8%	10.2%
Vehicle Operation Service	27,114	14,549	-46.3%	5.8%	Vehicle Operation Service	1,930	1,369	-29.1%	9.3%
Others	18,746	19,011	1.4%	7.6%	Others	1,048	656	-37.4%	4.5%
Total	256,009	251,419	-1.8%	100.0%	Subtotal	14,906	14,704	-1.4%	100.0%
					Adjustment	-8,042	-7,365	-8.4%	-
					Total	6,864	7,339	6.9%	-

Note: Segment sales are based on external customers; FY3/25 figures are retroactively adjusted; FY3/26 segment operating profit and adjustments are based on previous basis (new basis adopted from FY3/27)

Source: Company Data. Compiled by Strategy Advisors.

The Group's Total Workforce Exceeds 40,000

The breakdown of the 8,196 consolidated employees (as of the end of FY3/26) and the 32,315 consolidated temporary employees (annual average for FY3/26) was as follows: B2C Subscriptions - 845 and 926; B2B Subscriptions - 2,623 and 6,671; Social Service Business - 4,387 and 24,624, and Others: 341 and 94, respectively.

2. Business Model

1) B2C Subscription Business

Operates 3 Domestic Brands & One US Brand

The B2C Subscription business is the company's founding business and the mainstay of the group's profits. The company provides services through a total of 4 brands: the 3 domestic brands "Oisix" (350,000 subscribers as of the end of FY3/26), "Daichi wo Mamoru Kai" (30,000 subscribers) and "Radish Boya" (70,000 subscribers), as well as "The Purple Carrot", operated by Three Limes, Inc. in the U.S.

A Leading Company in the "Specialty x Subscription" Domain

The company classifies players in the B2C food delivery market into 4 domains: "Specialty" and "Reasonable" based on price and quality, and "One-Off" and "Subscription" based on order and delivery frequency. The company positions itself within the "Specialty x Subscription" domain.

High barriers to entry - including the ability to source high-quality ingredients, a low-cost fulfillment system and data utilization skills - have enabled the company to establish itself as a leading company in the "Specialty x Subscription" domain.

Figure 2. Domestic B2C (Food Delivery) Market



Source: Company Materials.

Focuses on High Value-Added Foods. Primarily Offering Regular Home Delivery Services

In its B2C Subscription business, the company accepts orders from customers via its website and catalogs and provides high-value-added, environmentally friendly food products (fresh foods, processed foods, meal kits, etc.) based on proprietary cultivation methods and production technologies, as well as daily necessities and miscellaneous goods, primarily through a regular delivery model to general consumers.

Oisix Has 3 Websites

Oisix, which launched its service in 2000 targeting primarily dual-income families with children, offers products and services designed to save time through its websites. In addition to its flagship site, Oisix, the company operates "Sanchoke Otoriyose Ichiba (a service that orders seasonal delicacies from all across Japan)" and "Oitoku (a service that offers registered products at discounted prices)".

Oisix

Oisix is a membership-based subscription delivery service that sells over 1,500 products weekly, including carefully selected ingredients, meal kits and prepared foods, and serves as Oisix's flagship service. Subscribers can change their order selection each week and request changes to the delivery address, date and time. They can also skip a week if they do not wish to place an order. Oisix's net sales breakdown by product category is as follows: Kit Oisix accounts for approximately 50%, prepared foods for about 20%, Deli Oisix for less than 10%, fresh produce for less than 10% and daily delivery items, confectionery, meat and others account for the remaining 20%.

Kit Oisix

Kit Oisix is a subscription-based meal kit service launched in July 2013 that allows subscribers to prepare a main dish and side dish containing 5 or more types of vegetables in under 20 minutes. The service delivers partially prepared ingredients along with a recipe. Within 9 months of its launch, the service surpassed 10,000 subscribers and cumulative shipments exceeded 287,000 meals. As of February 2026, cumulative shipments for the series had exceeded 250 million meals and the number of subscribers exceeded 235,000 as of the end of FY3/26.

Deli Oisix

Deli Oisix is a service launched in April 2024 that allows users to prepare a vegetable-rich dinner for 2 to 3 people simply by heating it in the microwave for 5 minutes. By January 2026, cumulative sales had exceeded 3 million meals, making it a hit product. Additionally, the number of subscribers exceeded 15,000 as of the end of FY3/26.

While Deli Oisix was developed with a focus on “taipa” (time efficient) - specifically, cooking time - it has been praised as a service with excellent “menpa” (mental efficient), a concept that has recently gained attention in the marketing industry. Services and products that free consumers from the “stress of choice” and the “psychology and emotions that tolerate no failure”, thereby reducing the burden of decision-making, are evaluated as having good menpa. Oisix employs a system where subscribers register the products they wish to order and their delivery frequency. Each time, they can either select items from a cart pre-filled with recommendations or skip a delivery. It appears that this user interface (UI) and user experience (UX) are gaining support from consumers who want to reduce the burden of choice.

Launching New Products to Attract Households in the Early & Late Stages of Child-Rearing

When Oisix first launched its service, its primary target was dual-income households with children. However, over time, many subscribers from “early-stage parenting households” (with children in the lower elementary grades) and “late-stage parenting households” (with children in the upper elementary grades through high school who have hearty appetites) began canceling their subscriptions, often citing insufficient meal portions as a reason. As a result, the core of the current customer base consists of households with young children and those whose children have grown up.

The company views the “early-stage” and “late-stage” child-rearing households - where membership has declined - as future growth opportunities and has begun introducing new products that meet their needs in terms of price, time, and portion size. For example, the new “Cho-Raku (Ultra Super Easy) Kit” series of Kit Oisix, launched in October 2025, has been well-received for its convenience, allowing meals to be prepared in just 10 minutes. Additionally, the “Tasu-dake” series of prepared foods, which began full-scale rollout in January 2026, has received high praise for its price and portion size and sales are expected to expand in the future. Through the expanded sales of these new products, the company aims to increase LTV (Lifetime Value) across the entire child-rearing period.

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Daichi wo Mamoru Kai

Celebrating its 50th anniversary, Daichi wo Mamoru Kai operates under the concept of “Completely Natural, Purely Domestic”, focusing on providing domestic and organic ingredients. The company engages in the retail sale of individual food and household goods, subscription-based sales of fruits and vegetables and regular delivery of ingredient sets.

Radish Boya

Founded in 1988, Radish Boya primarily targets households that wish to contribute to society and support producers through daily activities such as cooking. The company offers 4 types of regular home delivery services as well as individual sales of food and daily necessities. "Fuzoroi Radish", a service aimed at reducing food waste and supporting producers, is one of its flagship offerings.

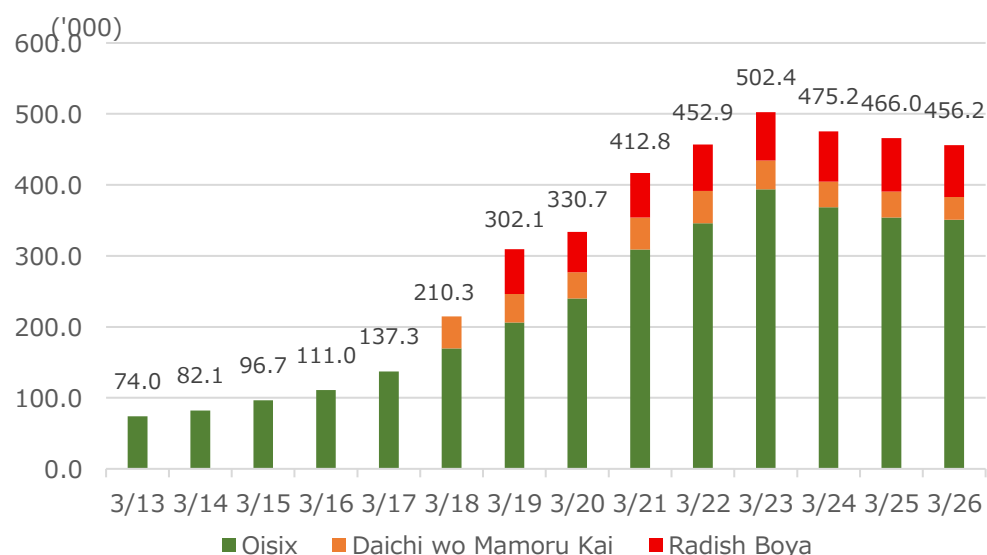
Purple Carrot

Founded in 2014, Purple Carrot is dedicated to a plant-based approach, focusing on foods and dietary styles centered around plant-derived ingredients. Targeting consumers highly interested in achieving a healthy lifestyle through their diet, the company delivers vegan meal kits weekly across the 48 contiguous U.S. states.

Subscribers Surged Due to COVID-19 Demand

The trend in the combined number of subscribers for the 3 domestic brands is shown in Figure 3. The significant increases at the end of FY3/18 and FY3/19 were due to the incorporation of Daichi wo Mamoru Kai and Radish Boya into the group through M&A. The significant increase at the end of FY3/21 was due to the benefits of the rapid expansion of the e-commerce market driven by the COVID-19-related surge in demand.

Figure 3. Annual Trends in Total Number of Subscribers for the 3 Domestic Brands



Note: As of the end of each fiscal year.

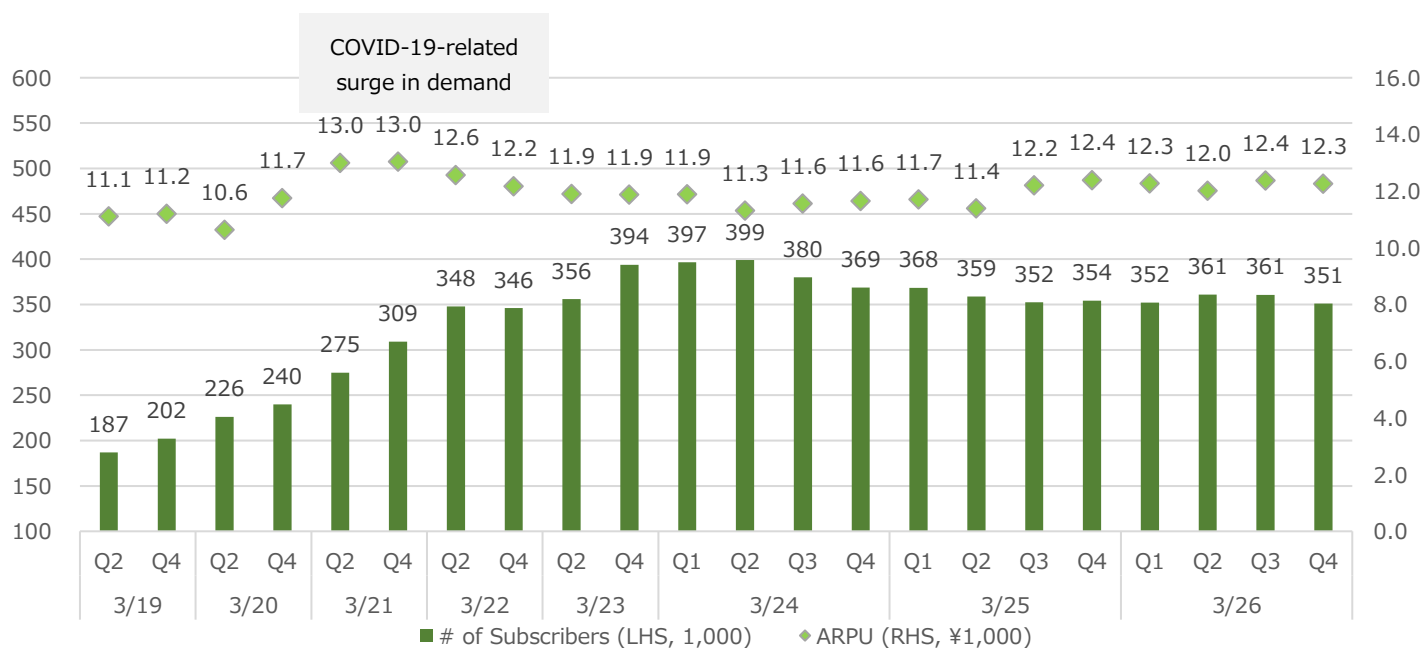
Source: Company Data. Compiled by Strategy Advisors.

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Oisix's Subscribers, Which Had Been Declining, Remained Flat in FY3/26

The trends in Oisix subscribers and ARPU are shown in Figure 4. The COVID-19 related surge in demand that occurred from FY3/21 through FY3/22 Q2 led not only to an increase in subscribers, but also to a rise in ARPU. The sharp increase in subscribers in FY3/23 Q4 was due to intensified promotional efforts compared to usual levels; however, as this resulted in the acquisition of a large number of one-time users, subscribers subsequently declined through the end of FY3/25 Q4. Since then, partly due to the launch of the Cho-Raku (Ultra Super Easy) Kit included in Kit Oisix, subscribers have remained flat.

Figure 4. Trends in Oisix Subscribers and ARPU



Note: Subscriber figures are as of the end of each quarter.

Source: Company Data. Compiled by Strategy Advisors.

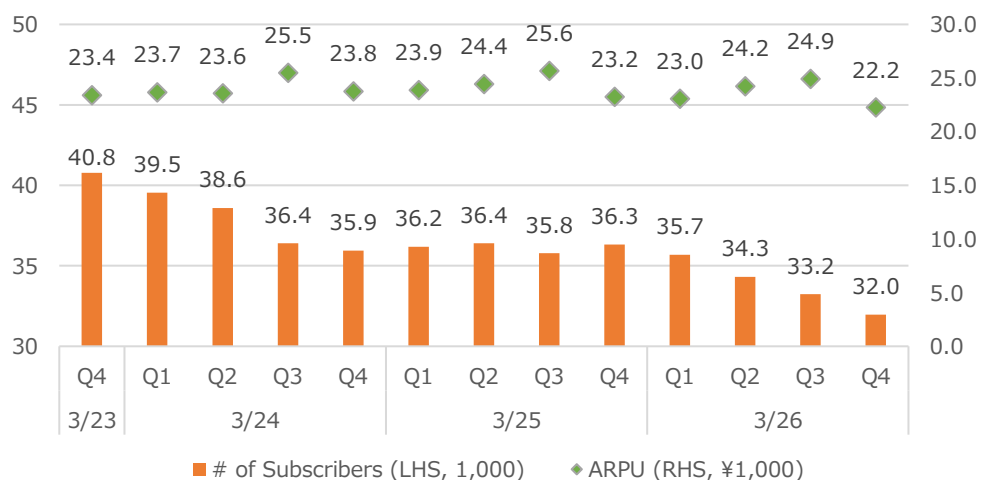
Oisix's ARPU Began to Rise in 2H FY3/25

ARPU had been on a downward trend since FY3/22, due to the decline of the COVID-19-related surge in demand; but it has been on an upward trend since H2 FY3/25, driven by an increase in weekly specials and pre-order sales in addition to regular sales.

Daichi Wo Mamoru Kai Has a High ARPU

The trends in subscriber numbers and ARPU for Daichi wo Mamoru Kai are shown in Figure 5. Since FY3/24, the company has prioritized cost-effectiveness and curbed promotional spending, resulting in a downward trend in subscriber numbers. While ARPU has generally remained between ¥22,000 and ¥25,000, it continues to be higher than that of Oisix (generally ¥11,000–¥13,000) and Radish Boya (generally ¥16,000–¥18,000). This is because Daichi wo Mamoru Kai outperforms Oisix in both average purchase value and purchase frequency. The high ARPU in Q3 is due to the Christmas and year-end sales season (including Osechi (traditional Japanese New Year's dishes)).

Figure 5. Trends in Daichi wo Mamoru Kai's Subscriber #'s & ARPU



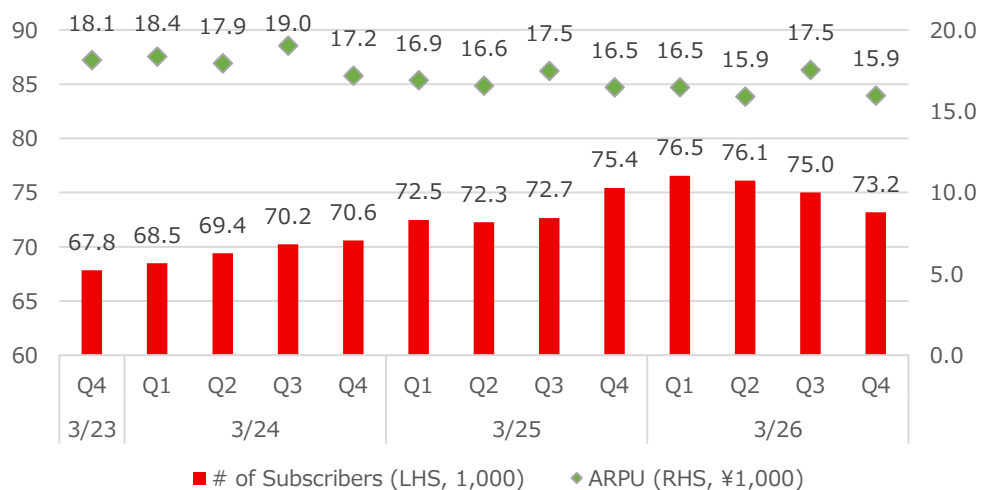
Note: End of each quarter.

Source: Company Data. Compiled by Strategy Advisors.

Radish Boya's Subscribers, Which Had Been on an Upward Trend, Declined in FY3/26

The trends in Radish Boya's subscribers and ARPU are shown in Figure 6. Subscribers had been on an upward trend due to an increase in the number of people interested in supporting producers, the company's target demographic, but numbers declined in FY3/26. Meanwhile, ARPU has been on a downward trend due to a decrease in purchase frequency accompanying the rise in light users.

Figure 6. Trends in Radish Boya's Subscriber #'s & ARPU



Note: End of each quarter.

Source: Company Data. Compiled by Strategy Advisors.

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Total Subscribers Across the 3 Domestic Brands is Approximately 460,000 Households

As of the end of FY3/26, the total number of subscribers across the 3 domestic brands was approximately 460,000 subscribers. Competitors (services) that the company classifies as falling within the “Specialty × Subscription” domain of the food delivery service market include Base Food (2936 TSE Growth) (service name: BASE FOOD), New Action (Service Name: Tasty Table), Greenspoon (Service Name: GREEN SPOON), a consolidated subsidiary of Ezaki Glico (2206 TSE Prime), nosh (Service Name: nosh) and Antway (Service Name: Tsuklio) - a total of 5 companies and 5 services.

Of these, Base Food has disclosed that it had 235,000 regular subscribers as of the end of FY2/26; however, this represents an increase of only 29,000 over the past two fiscal years, indicating that growth is not particularly strong. While the number of regular subscribers or members for the remaining 4 unlisted companies is unknown, Oisix’s membership base is considered to be among the largest in the “Specialty × Subscription” domain.

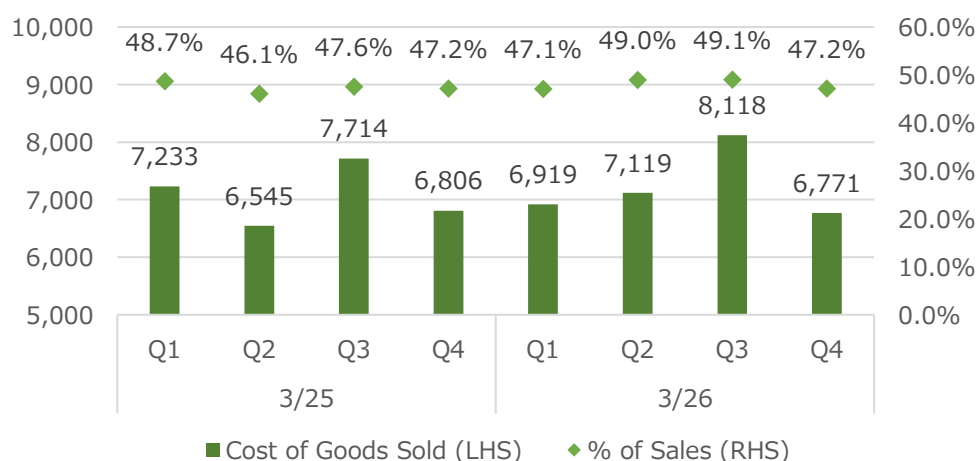
Competitors in the “Specialty × Subscription” Domain Have Different Business Models Than the Company

Furthermore, the competitors in the “Specialty × Subscription” domain discussed here have narrowed their product offerings to items such as frozen meals, pasta sauces, meal kits and bread and pasta products; and no other company appears to have a product lineup comparable to the company’s. Additionally, it appears that no other company has established a direct network with contracted producers.

The Impact of Rising Food Prices is Minimal

The trend in the cost of goods sold (COGS) for Oisix, the core service of the B2C Subscription business, is shown in Figure 7. The majority of COGS consists of product procurement. The company purchases high-quality ingredients from contracted producers at predetermined fixed prices, ensuring stable procurement costs. Even during FY3/25, when rice prices surged, there was no significant fluctuation in the cost ratio.

Figure 7. Trends in Oisix’s Cost of Goods Sold and % of Sales

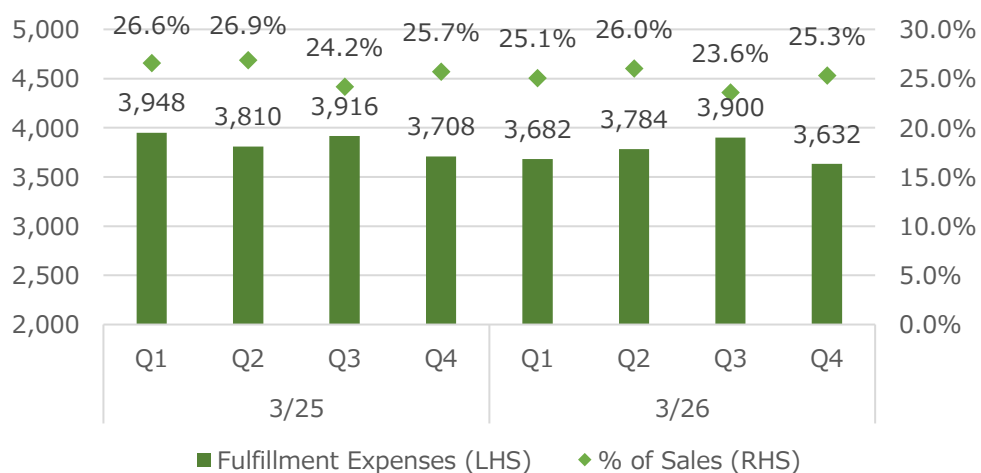


Source: Company Data. Compiled by Strategy Advisors.

Q3 Fulfillment Expenses as a Percentage of Net Sales Declined Due to Seasonality

The trend in Oisix’s fulfillment expenses (SG&A) is shown in Figure 8. Fulfillment expenses consist of the sum of packing and shipping costs, packaging materials costs, distribution center costs and other costs. The lower ratio to net sales in Q3 compared to other quarters is presumed to be due to higher average order values resulting from seasonal products such as Osechi (traditional Japanese New Year’s dishes).

Figure 8. Trends in Oisix’s Fulfillment Expenses (SG&A) & % of Sales

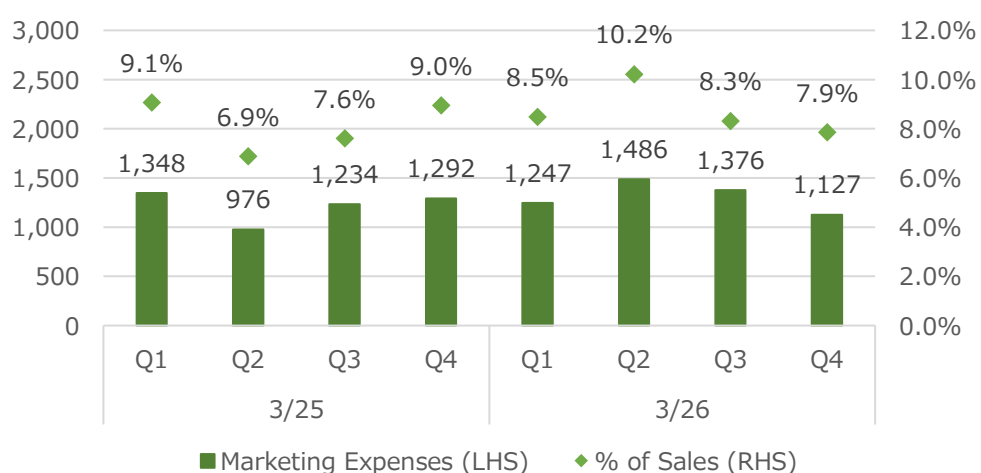


Source: Company Data. Compiled by Strategy Advisors.

Fluctuations in Marketing Expenses Affect Profit Margins

The trend in Oisix’s marketing expenses (SG&A) is shown in Figure 9. Marketing expenses consist of the sum of advertising and promotional expenses. In FY3/26, the company had a policy of aggressively investing in marketing expenses during the first half of the fiscal year, resulting in particularly high amounts and ratios relative to net sales in Q2. Consequently, the segment profit margin for Q2 FY3/26 declined significantly compared to the previous quarter.

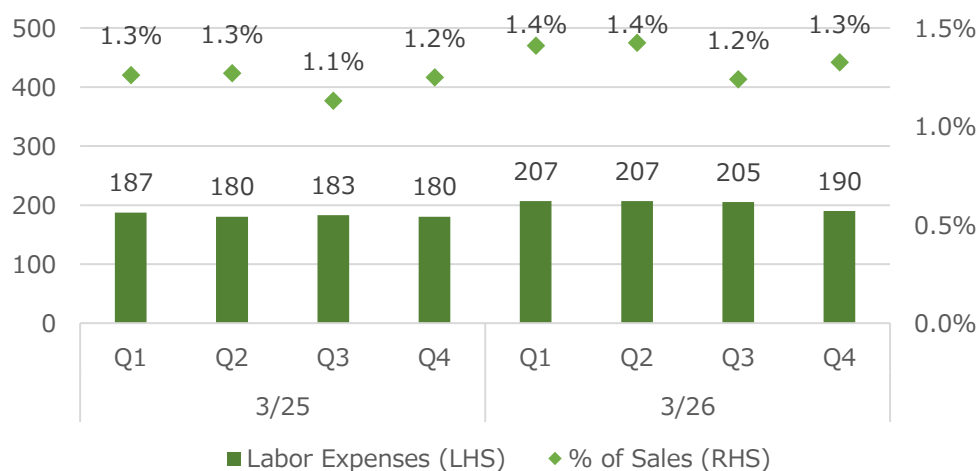
Figure 9. Trends in Oisix’s Marketing Expenses (SG&A) & % of Sales



Source: Company Data. Compiled by Strategy Advisors.

The trend in Oisix’s labor expenses (SG&A) is shown in Figure 10. Labor expenses remain under control.

Figure 10. Trends in Oisix’s Labor Expenses (SG&A) and % of Sales



Source: Company Data. Compiled by Strategy Advisors.

The segment EBITDA margin (calculated by adding goodwill amortization and depreciation to segment profit) for the B2C Subscription business in FY3/26 was 12% (10.8% under the new basis to be introduced in FY3/27), the highest among all segments.

2) B2B Subscription Business

The B2B Subscription Business consists of the food service business of the SHiDAX Group, acquired in 2024; the food ingredient wholesale business for nurseries (Sukusuku Oisix), which the company has operated since fiscal 2015; and BONDISH, which operates kitchen-less employee cafeterias, among others.

The food service business is classified into “Life Care Food Services”, which focuses on services for hospitals, nurseries and care facilities; “Contract Food Services”, which focuses on services for factories, financial institution branches, offices, dormitories, training centers and universities; and “School Lunch Services”, which provides meals for kindergartens, elementary and junior high schools under contracts with local governments.

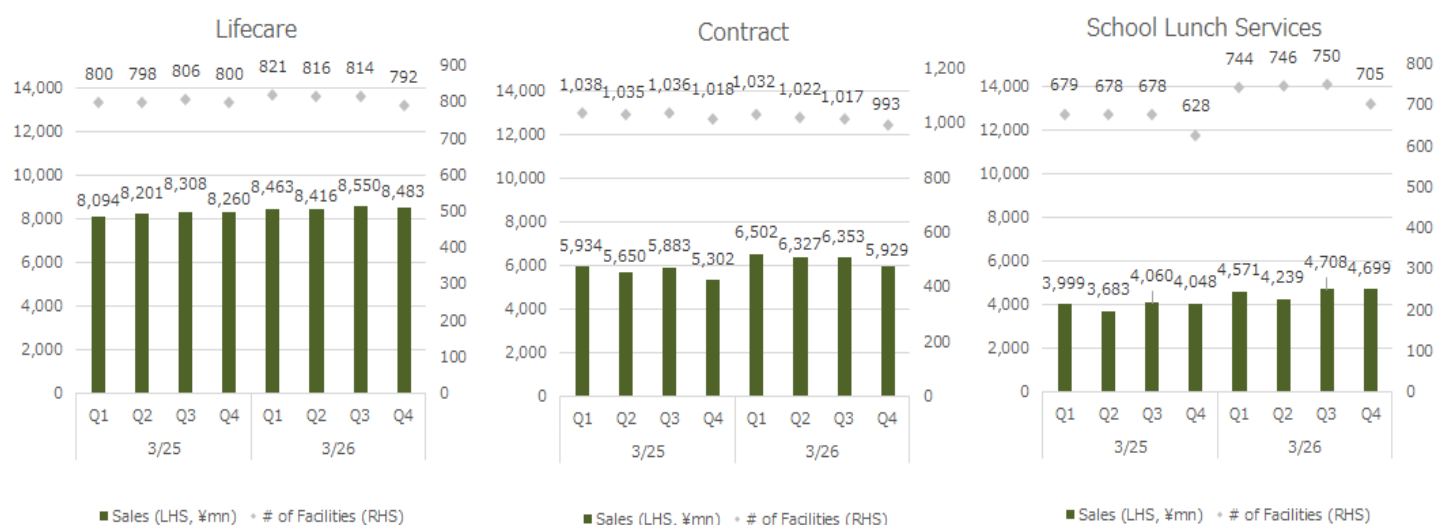
The trends in net sales and the number of facilities across the 3 segments of the food service business are shown in Figure 11. Since the start of new contracts for both public and private sector clients is concentrated in April, net sales and the number of facilities tend to increase in Q1 compared to the previous Q4. Additionally, regarding school lunch services, there is a seasonal pattern where Q2 net sales decrease relative to other quarters due to the impact of summer vacation. The significant decrease in the number of facilities in Q4 for both Contract Food Services and School Lunch Services was due to efforts to rationalize contract unit prices.

Segment EBITDA Margin is the Highest at 12%

Comprises the Food Service Business & the Food Wholesale Business for Nurseries

New Contracts are Concentrated in April

Figure 11. Trends in Net Sales & Number of Facilities Across the 3 Food Service Sectors

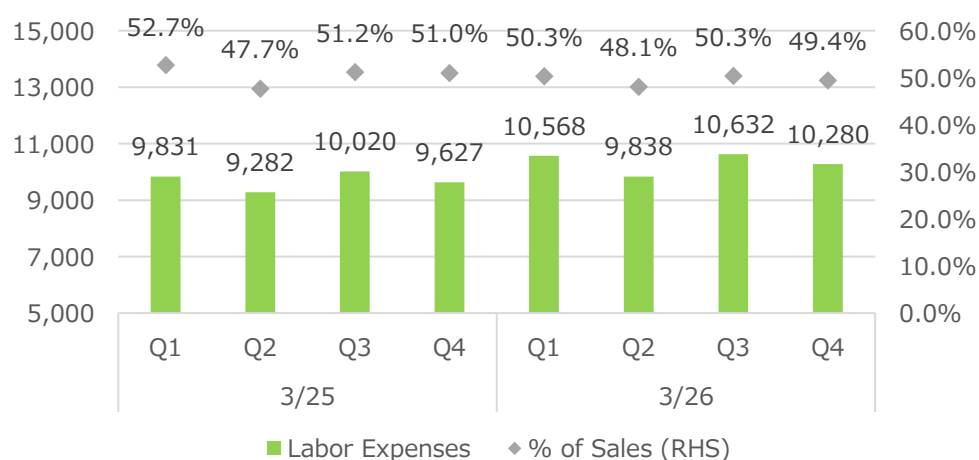


Source: Company Data. Compiled by Strategy Advisors.

Labor Expenses Account for a Large Proportion

The trend in labor expenses (cost of goods sold) for the B2B Subscription business (excluding Sucusuku Oisix and BONDISH) is shown in Figure 12. Because the business employs many temporary staff (part-time and casual workers) who prepare meals on-site, the ratio of labor expenses to net sales is generally around 50%, reflecting a typical labor-intensive business structure. Like School Lunch Services net sales, labor expenses exhibit seasonality with lower figures in Q2. However, because the impact of the decline in labor expenses is greater than that of the decline in net sales, the profit amount and profit margin for the B2B Subscription business as a whole are higher in Q2 compared to other quarters.

Figure 12. Trends in Labor Expenses (Cost of Goods Sold) & % of Sales for the B2B Subscription Business

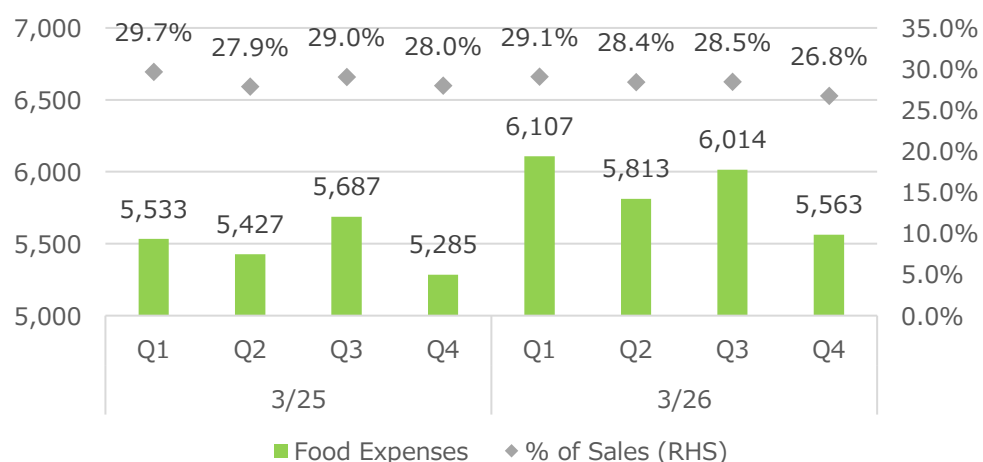


Source: Company Data. Compiled by Strategy Advisors.

2H FY3/25 Was Impacted by Rising Rice Prices

The trend in material costs (cost of goods sold) for the B2B Subscription business (excluding Sukusuku Oisix and BONDISH) is shown in Figure 13. Food ingredients are purchased in bulk through wholesalers, so fluctuations in ingredient prices do not have a significant impact on profit margins. However, in 2H FY3/25, profit margins deteriorated due to soaring prices of ingredients such as rice. In FY3/26 Q3 and Q4, the ratio of material costs to net sales improved compared to the same period of the previous year as a result of efforts to optimize contract pricing.

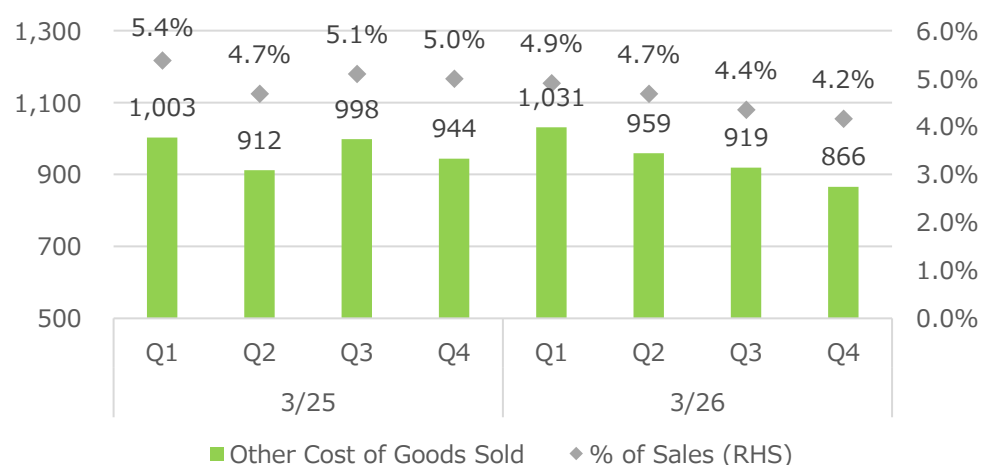
Figure 13. Trends in Food Expenses (Cost of Goods Sold) & % of Sales for the B2B Subscription Business



Source: Company Data. Compiled by Strategy Advisors.

The trend in other cost of sales for the B2B Subscription Business (excluding Sukusuku Oisix and BONDISH) is shown in Figure 14. Other cost of sales consists of consumables, commissions paid, utilities, rent and other expenses.

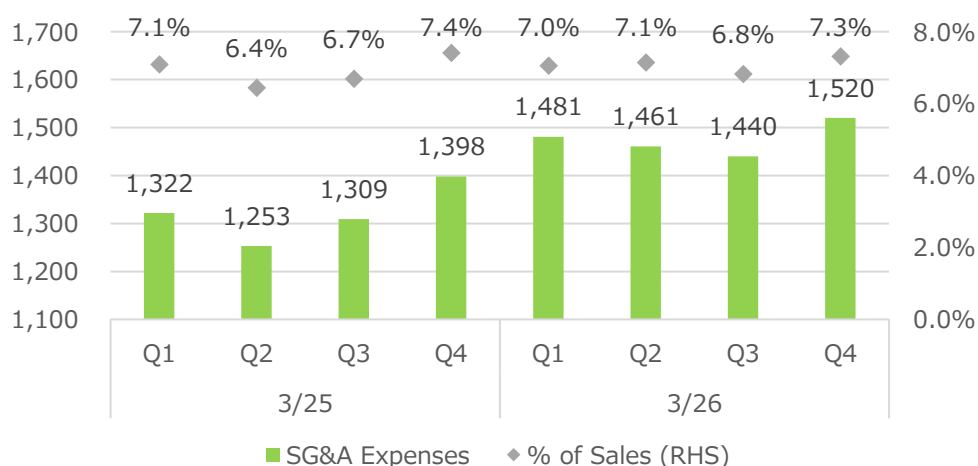
Figure 14. Trends in Other Cost of Goods Sold & % of Sales for the B2B Subscription Business



Source: Company Data. Compiled by Strategy Advisors.

The trend in SG&A expenses for the B2B Subscription Business (excluding Sukusuku Oisix and BONDISH) is shown in Figure 15. SG&A expenses consist of sales labor expenses, commissions paid, communication expenses, insurance premiums and other items.

Figure 15. Trends in SG&A Expenses & % of Sales for the B2B Subscription Business



Source: Company Data. Compiled by Strategy Advisors.

**Segment EBITDA Margin:
4.9%**

**The Typical Op Margin for
Food Service Providers Is
Around 1–3%**

**Focused on the
Management & Operation of
Facilities Such as After-
School Care Centers**

The segment EBITDA margin for the B2B Subscription Business in FY3/26 was 4.9% (3.7% under the new basis introduced in FY3/27). While this is lower than that of the B2C Subscription Business, it was slightly higher than the level of the Social Service Business.

Generally, food service providers, which are typically labor-intensive businesses, have OP margins of approximately 1–3% and it is said that about 20% of them operate at a loss. Factors contributing to this include contract structures that make it difficult to pass on cost increases (such as rising food costs) to prices; wage inflation pressure due to labor shortages; the prevalence of on-site cooking, which makes it difficult to realize economies of scale; and intense price competition resulting from contracts awarded through bidding (competitive bidding) or multiple-quote processes. Food service providers enter into service contracts with local governments, hospitals, nursing care facilities and corporations. However, contracts with local governments - the primary clients for School Lunch Services - typically follow a lowest-bid system, creating a structure where cost increases cannot be passed on to prices. The Group's future initiatives to improve profit margins will be discussed later.

3) Social Service Business

In the Social Service Business, SHiDAX DAISHINTO HUMAN SERVICE- acquired in 2024 - is responsible for the management and operation of facilities such as after-school care centers, libraries and children's centers, as well as various outsourcing contracts from private companies. Net sales by segment (including

inter-segment sales) for FY3/26 were ¥27.63 billion for after-school care and ¥12.748 billion for other Social Services, with after-school care being the core service.

Number of After-School Care Facilities Expanding Steadily

Within the Social Service business, the number of after-school care facilities has been steadily increasing, from 2,021 at the end of FY3/24, to 2,443 in FY3/25 and to 2,825 in FY3/26. On the other hand, the number of facilities other than after-school care - 480 in FY3/24, 508 in FY3/25 and 481 in FY3/26 - has remained largely flat.

New Contracts Tend to Begin in April

Since the start of new contracts in the Social Service business also tends to be concentrated in April, net sales and the number of facilities typically increase in Q1 compared to the previous Q4.

The Social Service business also employs many temporary staff (part-time and casual workers) on the front lines, resulting in a high ratio of labor expenses to net sales and a typical labor-intensive business structure. Regarding profit margins, there is a seasonal pattern where they decline in Q2 and Q4 due to the impact of summer and winter vacations, as labor expenses increase compared to the previous quarter.

There is Business Synergy with the B2B Subscription Business on the Sales Side

Although the Social Service business is not directly related to the food industry, its primary customers - local governments - have deep business relationships with the company through food services. Therefore, there is believed to be sales synergy between the Social Service business and the B2B Subscription business.

Segment EBITDA Margin is 4.6%

The segment EBITDA margin for FY3/26 was 4.6% (3.8% under the new basis introduced in FY3/27), which was slightly lower than that of the B2B Subscription business within the segment.

4) Others

Operates E-Commerce Support for Other Companies & Mobile Supermarket Services

The Other Businesses segment includes the company's e-commerce support services for other companies, Tokushimaru's mobile supermarket business, Future Food Fund's investment business, HiOLI's manufacturing and sales of ice cream products and AGRIGATE's manufacturing and sales of agricultural products and foodstuffs.

Minimal Impact on Overall Performance

Regarding the Others segment, its share of total net sales (based on sales to external customers) was only 7.6% and its share of segment profit (before adjustments for corporate expenses, etc.) was only 4.5% in FY3/26, so the impact on overall performance is minimal. Even excluding the Vehicle Operation Service, which has already been spun off, the share of net sales is 8% and the share of segment profit is 4.9%, so the conclusion remains unchanged.

3. President Kohei Takashima's Resume and Company History

1) Curriculum Vitae of President Kohei Takashima

A Boyhood Marked by Frequent School Transfers

President Kohei Takashima (born in 1973, age 52) grew up in Yokohama, to parents who were a company employee and a stay-at-home mother. Frequent school transfers due to his father's job relocations, as well as his tendency to miss school due to asthma, appear to have had a significant influence on his character formation during his youth. In the upper grades of elementary school, driven by a single-minded desire to cure his asthma, he took up soccer. It was a drastic measure, but as his physical strength grew, he overcame his asthma.

Realizing His Aptitude for Leadership

In junior high, he enrolled at Seiko Gakuin (Yokohama), a private all-boys school with a combined junior and senior high program. Because of his father's work, he commuted to school while living apart from his family in Sendai, which helped him develop a sense of independence at an early age. Having been treated as a full-fledged adult by his parents since elementary school, the young Takashima thoroughly enjoyed his subsequent student life.

At Seiko Gakuin, there was a tradition where 3rd-year junior high students would participate in a homestay program in Vancouver, Canada. Mr. Takashima was appointed leader of the group with the lowest English proficiency among the 150 participating students, who were divided into 3 groups. Despite the difficulty of making themselves understood, he demonstrated leadership and successfully fulfilled his important role, which reportedly gave him a deep sense of satisfaction. This was his first experience realizing the appeal of leadership and his aptitude for it.

Enrolled in the First Division of the Faculty of Science at the University of Tokyo in 1992

From his 3rd-year of junior high school through his 2nd-year of high school, he served on the organizing committee for the school festival. He says that the experience of enjoying the challenge of working with friends toward a common goal shaped the course of his life thereafter. During his high school years, as he prepared for university exams, he chose the science track and entered the Division of Science I at the University of Tokyo in 1992.

Passionate About Student Organizations and Clubs

After entering university, he immersed himself in activities with international student organizations and clubs. His first project was a student event held annually (alternating between Japan and Taiwan) that he organized with students from Taiwan by securing corporate sponsors. Additionally, when France conducted nuclear tests in the South Pacific in 1995, he organized a club event opposing the tests, collected thousands of signatures and delivered them to the French Embassy. Keeping in mind that "a team grows when the entire team stretches beyond its limits", he continued to take on one challenge after another.

In 1997, He Founded a Student Startup & Gained Experience in Various Internet Businesses

During his final year at university, where he majored in physics and engineering, President Kohei Takashima realized he couldn't see himself working as a traditional engineer. He ultimately decided to enter graduate school to delay his entry into the workforce.

Around 1996, when he entered the Graduate School of Engineering at the University of Tokyo, the internet was just beginning to gain recognition in society. Deeply impressed by the internet, Mr. Takashima resolved to spend his 2-years in graduate school immersed in it. Partly because he had grown tired of student organizations and club activities, he came up with the idea of launching a company that utilized the internet. Thus, in 1997, Mr. Takashima, along with Yusuke Tsutsumi (currently a director) and others - all single men in their 20's - founded Kohei Ltd., the predecessor to the current company (which was reorganized into a corporation in 2000). The company handled everything from planning and executing events where people could experience the internet, to website design services, online sales of unsold airline tickets and live internet broadcasts of events. Although it was a student-run startup, Mr. Takashima reportedly felt a deep sense of fulfillment from being involved in a business that utilized cutting-edge technology of the time.

In 1998, Mr. Takashima completed his 2-years of graduate school. Having become deeply absorbed in running his startup, Mr. Takashima once again faced a crossroads. Should he simply let things take their course and continue managing Kohei in a vague, ad-hoc manner? Or should he hand over the day-to-day management of Kohei to a junior colleague, step out into the wider business world to learn and then return to the company 3-years later with the goal of transforming it into a business capable of launching new ventures that would make a real impact on society? After much hesitation, Mr. Takashima chose the latter path.

2 Years of Training at McKinsey

Mr. Takashima joined the Japanese subsidiary of the U.S. management consulting firm McKinsey & Company in April 1998. At McKinsey, even new hires are treated as productive members of the team from day one, with no mandatory training period. For Mr. Takashima, who had set a 3-year training period for himself, this was the ideal environment. In his first year as a working professional, he approached his work with the goal of "growing more than anyone else", but due to challenges with his English skills and logical thinking, he did not receive particularly high evaluations among his 12 peers. Consequently, in his 2nd-year, he revised his goal to "work hard for the sake of this company and deliver results". He went beyond his assigned tasks to contribute to the organization, such as proposing improvements to HR systems. As a result, he and two of his peers were promoted to Associate in the fastest time on record at the time.

After Finalizing the Concept for a New Business, He Left McKinsey

While working as a company employee, Mr. Takashima held repeated meetings on weekends and weekday evenings with Kohei and his friends, who were students at the time, to discuss the new business. Guided by the principle of finding an internet business that would benefit society, they narrowed their focus to the “food” sector. Upon learning that even in the US - a leader in the internet world - there were few successful examples of food e-commerce, Mr. Takashima and his team’s ambition was ignited. Thus, by the end of 1999, they had solidified their plan to focus on food e-commerce. In the spring of 2000, with preparations for launching the new business nearly complete, Mr. Takashima resigned from McKinsey.

Launching an Experimental E-Commerce Site for Organic Vegetables

While preparing for the launch, Mr. Takashima and his team strongly sensed a demand for safe food and decided to narrow their product focus to organic ingredients, such as organic vegetables. Although they visited organic vegetable farmers one by one, farmers at the time had little understanding of the internet, so they were reluctant to engage in business discussions. However, as they continued their persistent persuasion, farmers gradually began to agree to contracts. Then, with Kohei taking the lead, they launched an experimental e-commerce site for organic vegetables called “e831.com” (Eyasai.com).

Mr. Takashima Was Selected as the Japanese Representative for the Young Global Leaders (YGL) By the World Economic Forum

Mr. Takashima, who founded Oisix in June 2000 and assumed the position of President and CEO, was selected in 2007 as one of 15 Japanese representatives for the “Young Global Leaders” (YGL) program announced by the World Economic Forum, a non-profit foundation that organizes the Davos Conference. President Takashima participated in the World Economic Forum meeting held over a week in Dalian, China. While participants praised his company’s business, he was also asked why the company had not expanded its operations outside of Japan, leaving him at a loss for words. This experience served as the catalyst for the company to open “Oisix Hong Kong” in 2009, marking its first overseas venture.

Activities with TABLE FOR TWO

Inspired by his activities with the YGL, President Takashima expanded his involvement into social contribution initiatives. In the fall of 2007, he helped establish the NPO “TABLE FOR TWO” (hereinafter TFT), which addresses both hunger in developing countries and obesity in developed nations simultaneously. In 2008, he launched the “Oisix TFT Project” at Oisix and began selling the “TFT Healthy Menu”, under which 3% of the purchase price of ingredients designed to prevent obesity is donated to TFT for the purpose of alleviating hunger.

Actively Involved in Numerous Social Contribution Initiatives & Business Community Activities

Since then, Takashima has become heavily involved in social entrepreneurship and the broader business community. He currently serves as the Representative Director for several organizations, including Higashi no Shoku no Kai, Evidence Studio and the PDA Japan Chapter, as well as holding directorships with the Japan Contract Food Service Association and the Niigata International Food Award Foundation among other roles. His prominent past leadership roles include serving as Vice Chairman of the Keizai Doyukai (Japan Association of Corporate Executives) and Chairman of the Japan Wheelchair Rugby Federation. In 2020, his contributions were recognized globally when he was named the Japanese representative for the EY Entrepreneur of the Year Award.

Company Establishment in June 2000

2) Company History

Although he began operating “e831.com”, Mr. Takashima felt that growth potential was limited if he relied solely on his own efforts. Based on information about a department called the “Organic Team”, he attempted to contact Nissho Iwai Corp. (now Sojitz, 2768 TSE Prime) and succeeded in forming a business partnership with the company.

Following discussions between the 2 companies, it was decided to completely revamp the e-commerce site and change the company name. For the new company name, 30 housewives in their 30’s - the target customer base - were asked to choose from dozens of candidates and “Oisix” was selected. The website was also named “Oisix”. Thus, in June 2000, Oisix was established with the participation of about a dozen people, including members of Kohei’s team, colleagues from McKinsey and former employees of Nissho Iwai Corp., with Mr. Takashima assuming the position of President and CEO.

Setting Sail Amid the Dot-Com Bubble Burst

The new “Oisix” website also launched in June 2000, but this coincided with the collapse of the dot-com bubble. Although they held a press conference to announce the site’s launch, attended by nearly 100 reporters, the site remained virtually deserted in its early days. With no advertising budget, the company set its sights on the official websites of women’s magazines that were seeking to strengthen their online presence. They created a system where they digitized thousands of paper recipes entrusted to them by SHiDAX - a major food service provider and an early shareholder - and published them on the official websites of partner women’s magazines, linking back to the Oisix site to attract potential customers. This initiative not only increased customers coming through the women’s magazines, but also led to an increase in customers coming via personal websites and blogs run by users who had become customers, as these sites began linking to the Oisix site.

Amid Cash Flow Difficulties, Founding Members Resigned

Although net sales gradually increased through the partnership with women’s magazines, they were not sufficient to cover fixed costs such as labor expenses, and the company continued to operate at a loss, leading to cash flow difficulties shortly after its establishment.

The impact of the dot-com bubble burst was significant and despite approaching numerous venture capital firms, raising funds proved extremely difficult. This situation even led to some founding members leaving the company.

The Greatest Crisis Occurred in the Second Year

By the second year, although the company was struggling with cash flow, net sales were on an upward trend thanks to an increase in repeat customers. Amidst this, the company faced its greatest crisis to date. President Takashima was suddenly informed by the president of the logistics center in Tochigi - to which the company had outsourced all product sorting and delivery - that the center would be closing down the very next day. If the company stopped deliveries - even temporarily - customers would leave and fundraising would face major obstacles, potentially leading to the company's own collapse. President Takashima drove frantically to the site and arrived around 10 p.m. that night. After working tirelessly through the night to persuade him, he managed to secure a one-day postponement of the closure from the logistics center president by 6 a.m. the next morning.

Meanwhile, the employees who remained at the offices were frantically calling dozens of logistics centers listed in the phone book, desperately searching for a new location. When they finally found one, they chartered 3, 4-ton trucks and headed to Tochigi. That same night, they delivered the goods from the Tochigi logistics center to the new location, completing the relocation.

Every Cloud Has a Silver Lining

However, the new facility was unable to handle the shipping operations - such as sorting - that had previously been outsourced to the logistics center in Tochigi. Consequently, starting the day after the move, employees would enter the logistics center at night after finishing their regular work and continue sorting until early morning. The company maintained this grueling work schedule for about a month, successfully overcoming this difficult situation. As a result, the bond among all employees grew stronger and the company's teamwork reached a new level.

Market Entry and Withdrawal by a Fast-Retailing Subsidiary

In November 2002, a new threat loomed over the company, which had just overcome its crisis: the entry of Fast Retailing (9983 TSE Prime) subsidiary FR Foods into the online retail business for vegetables, fruits and other products. Although the company remained vigilant against the emergence of this powerful competitor, FR Foods recorded an extraordinary loss of ¥2.6 billion in March 2004 and withdrew from the business. FR Foods adopted a product-first approach, actively opening physical stores in locations such as downtown department stores in addition to its online sales. However, the company is said to have failed because it struggled to secure a steady supply of fruits and vegetables - products that are difficult to plan for in terms of production and procurement - leading to frequent outages of stock and a customer base that did not grow as expected.

On the other hand, Strategy Advisors believes that the difference between the 2 companies' fortunes lay in the fact that the company in question focused on online sales of products procured from a customer-centric perspective and steadily increased its customer base. President Takashima stated that the difference between the 2 companies was "whether or not the option to withdraw existed", and he also emphasized the importance of "every single member of the company having the resolve to keep going until it succeeds".

Achieved Monthly Profitability Within 2.5 Years of Launch

In addition to increased net sales driven by the "Oisix Club" subscription service launched in June 2002, the company shifted its logistics operations from outsourcing to in-house management, successfully improving operational efficiency and reducing costs. As a result, the company achieved its first monthly profit in December 2002. Factors contributing to the sales growth included the emergence of hit products such as "Fuzoroi Yasai (irregular-shaped vegetables)" and an increase in repeat customers.

"Fuzoroi Yasai"

The company began selling "Fuzoroi Yasai" in 2001. This initiative involved selling vegetables - such as crooked cucumbers and potatoes of varying sizes - that were tasty, but unappealing in appearance and were not sold to consumers at the time, and obtained at prices lower than the standard retail price. Despite opposition from farmers believing that these items would not sell based on conventional wisdom, the company pushed ahead with sales and achieved better-than-expected results. It is believed that the detailed explanations of producers and products on the Oisix website were a key factor in consumers' acceptance of these irregular items. This was the first instance of successful product planning unique to the company, which prided itself on being a group of industry outsiders.

A Hit Product Born from Naming

Creating a hit product isn't determined by the product alone. The company placed great importance on naming. Even when the company's buyers visited contracted farmers and promoted products they found delicious through photos and descriptions on the website, it was difficult to convey the product's appeal to customers in an e-commerce environment where in-person tastings were not possible.

Names that make people want to try the product just by hearing them gave rise to hit items such as "Peach Kabu (turnip)", which is sweet even when eaten raw, and "Toro Nasu (eggplant)", which has a melt-in-your-mouth texture when deep-fried or served as a steak.

Formed a Capital Alliance with Recruit and Established a Joint Venture

In 2010, the company formed a capital alliance with Recruit (now Recruit Holdings, 6098 TSE Prime). In January of the following year, "Gochimaru," a joint venture between the 2 companies to operate a food e-commerce site, was established (the service has since been discontinued).

The Great East Japan Earthquake

On March 11, 2011, the Great East Japan Earthquake struck. Immediately after the disaster, disruptions to the logistics network and shipping companies' policy of prioritizing support for the affected areas hindered product shipping and procurement, but that was only the beginning of the chaos. President Takashima gathered every flashlight available within the company and headed to the distribution center located in an area subject to the planned power outages announced by Tokyo Electric Power Company. To ensure shipping operations could continue even in the dark, he set up numerous flashlights in the workspace and kept shipments moving.

Our Commitment to Food Safety

On March 12, a hydrogen explosion occurred at Unit 1 of the Fukushima Daiichi Nuclear Power Plant. Explosions also occurred at Unit 3 on the 14th and Unit 4 on the 15th; as the reactor buildings were severely damaged, large amounts of radioactive material were released into the atmosphere.

Upon hearing reports of the nuclear accident, President Takashima immediately sensed that food contamination would become an issue and established an in-house project team to address radioactive contamination in food. Since the company's product selection policy had always been to use "ingredients that the producers themselves would feel safe feeding to their own children", he believed it was necessary to verify the safety of ingredients in-house and decided to conduct independent radiation testing on all ingredients to be sold going forward.

Pioneering Radiation Testing

Since only one radiation testing device was available domestically, the company purchased several additional units from overseas. Based on the "Manual for Measuring Radioactivity in Food During Emergencies" published by the Ministry of Health, Labor and Welfare, the company established a system for testing all products and, on March 18, began conducting pre-distribution radiation testing ahead of other companies.

Furthermore, the company made its independently developed testing system available to the public. As a result, many other distributors - including organic vegetable delivery companies and supermarkets - followed the company's lead and began implementing similar testing procedures.

Establishing a Social Standing as a Food Infrastructure Company

In May, President Takashima attended a roundtable discussion with then-Prime Minister Naoto Kan and internet service providers. He proposed to Prime Minister Kan that combining the company's simplified radiation testing with the precise testing conducted by public agencies could help realize a food distribution system that instills consumer confidence. The following week, he also delivered a speech at the Foreign Correspondents' Club of Japan regarding the current state of food in Japan.

Through its response to the Great East Japan Earthquake and the nuclear accident, the company shed its image as a mere startup and established its social standing as a food infrastructure company; however, President Takashima recognizes that this status also comes with responsibility.

Oisix ra daichi | 3182 (TSE Prime)

Listed on the Tokyo Stock Exchange Mothers Market in 2013

In March 2013, the company listed on the Tokyo Stock Exchange's "Mothers" market. With over 70,000 subscribers to its regular home delivery service, increased public recognition following its response to the Great East Japan Earthquake and steadily growing business performance, demand for the company's stock surged. On the first day of trading, the indicative price rose to 2.3x the offering price, though no trades were executed (the opening price was 3.1x the offering price).

"Kit Oisix"

In July 2013, the company began selling "Kit Oisix", a meal kit that allows users to prepare a main dish and side dish containing 5 or more types of vegetables in just 20 minutes. By the end of April the following year, the number of "Kit Oisix" subscribers had surpassed 10,000.

Acquisition of "Tokushimaru"

In May 2016, the company made "Tokushimaru" (Headquartered in Tokushima Prefecture), which operates a mobile supermarket service for seniors, a subsidiary. While the company's core customers were women in their 30's and 40's who use the internet, adding Tokushimaru - which targets so-called "shopping-impaired" individuals in their 70's and 80's living in rural areas - to the group brought the company one step closer to its vision of "enriching the dietary lives of more people".

Acquisition of Daichi wo Mamoru Kai

In March 2017, the company acquired "Daichi wo Mamoru Kai," a provider of agricultural, livestock and marine products, as well as additive-free processed foods. Founded in 1977, Daichi wo Mamoru Kai was a pioneer in the membership-based home delivery business for organic and pesticide-free ingredients. The 2 companies decided to merge because they shared common philosophies, such as a commitment to food safety and taste, and agreed on a strategy to pool management resources and enhance the group's competitiveness in the market. In July of the same year, the company changed its name to Oisix.daichi, and in October, it absorbed Daichi wo Mamoru Kai through a merger.

Acquisition of Radish Boya as a Subsidiary

In January 2018, the company entered a business alliance with NTT Docomo, and in February, it allocated new shares to NTT Docomo. As part of this capital and business alliance, the company made "Radish Boya", a wholly owned subsidiary of NTT Docomo, a subsidiary in February of the same year (and absorbed it in an all-stock merger in October of the same year).

Radish Boya, founded in 1992, is a membership-based food delivery service provider that offers agricultural, livestock and marine products, as well as additive-free processed foods. Since Radish Boya, NTT DOCOMO and the Company shared common philosophies, such as a commitment to food safety and taste, NTT DOCOMO and the Company concluded that consolidating the management resources of both companies' food delivery businesses would be effective in accelerating future business development.

Oisix ra daichi | 3182 (TSE Prime)

Launch of U.S. Operations through Purple Carrot

In May 2019, the company acquired "Three Limes, Inc." (Commonly known as The Purple Carrot), a U.S.-based company that operates a subscription-based meal kit delivery service specializing in vegan meals. Founded in 2014, Three Limes, Inc. delivers meal kits weekly to customers across the 48 contiguous U.S. states. Given the many commonalities in their management philosophies and similar business models, the company began expanding its U.S. operations by integrating the company into the group.

Transition to the Prime Market

In April 2020, the company moved to the "First Section" of the Tokyo Stock Exchange. In April 2022, following the Tokyo Stock Exchange's reorganization of market classifications, it transitioned to the "Prime Market".

Acquisition of SHiDAX in 2022

In October 2022, through a tender offer, the company made SHiDAX, which was listed on the Tokyo Stock Exchange Standard Market, an equity-method affiliate. SHiDAX traces its origins to Fuji Shokuhin Kogyo, which was established in 1960 to provide food service. The company had maintained a long-standing collaborative relationship with SHiDAX, including receiving recipe information from SHiDAX at the time of its founding. While both companies were exploring ways to strengthen their partnership, the founding family of SHiDAX - which holds a major stake in the company - approached the company with a proposal for investment. After various twists and turns, this led to the implementation of a tender offer.

Making SHiDAX a Consolidated Subsidiary in 2024

Even after that, the company and SHiDAX continued discussions aimed at strengthening their collaborative relationship. As a result, with the goal of pursuing synergies between the 2 companies, in January 2024, the company made SHiDAX (which subsequently changed its trade name to SHiDAX Holdings) and its group of subsidiaries consolidated subsidiaries (the company holds a 66% stake, while the remaining 34% is held by the SHiDAX founding family). SHiDAX was delisted in March 2024.

One of Japan's Largest Food Subscription Companies

Following the acquisition of SHiDAX, the company's business segments expanded from home delivery (currently the B2C Subscription business) and others to include the B2C Subscription business, the B2B Subscription business, Social Service (after-school care, School Lunch Services and Social Service), Vehicle Operation Service and others (as of FY3/26, School Lunch Services was reclassified under the B2B Subscription business). The B2B Subscription Business now consists of the food wholesale business for nurseries (Suku-suku Oisix), which Oisix has operated since fiscal 2015 and the food service business operated by SHiDAX. As a result, the company has become one of Japan's largest food subscription companies, operating in both the B2C and B2B sectors.

In 2025, the Company Concentrated its Management Resources on B2C Subscription & B2B Subscription

The company continued to pursue synergies resulting from its integration with SHiDAX Holdings. Consequently, in September 2025, it acquired additional shares to make SHiDAX CONTRACT FOOD SERVICE, SHiDAX FOOD SERVICE, and SLOGIX- which operate the B2B Subscription business (food services) - as well as SHiDAX DAISHINTO HUMAN SERVICE, which operates Social Service businesses, which are highly compatible with the B2B Subscription business, into wholly owned subsidiaries.

In October of the same year, the company sold all of its shares in SHiDAX and DAISHINTO - which operates Vehicle Operation Services - by transferring the shares held by SHiDAX Holdings to the SHiDAX founding family. As a result, the company successfully removed the Vehicle Operation Service business, for which no group synergies were anticipated, from its business portfolio, allowing it to concentrate its management resources on its core businesses: the B2C & B2B Subscription businesses.

4. Corporate DNA and Inimitability

1) Corporate Philosophy

The company's corporate philosophy (mission) is "Farm for Tomorrow, Table for Tomorrow". Specifically, the company's mission is to "provide services that enable a better food life for more people", "evolve continuously where good farmers are rewarded and proud", "realize a society that provides a sustainable framework that links farm and table" and "solve social issues related to food through business approaches, and we create and expand Tomorrow's Food".

As a framework for realizing this mission, the company coined the term "DWS" from the initials of Desire (the desire for food), Well-being (what is good for people) and Sustainability (what is good for the planet); and aims to provide products and services where these 3 elements intersect. President Takashima states that even if a food business promises high profits, the company will not pursue it if it is judged to be harmful to people, society or the environment.

To ensure that employees don't just intellectually understand the company's philosophy but truly experience it firsthand, the company conducts "Field Experience Training" and "Dining Table Experience Training".

The "Field Experience Training" involves all employees visiting the fields of contracted farmers at least once a year as part of their duties to perform farm work and engage in dialogue with the farmers. Although participants are often exhausted after finishing the farm work, once back at the office, many are seen earnestly considering what they can do in their respective roles to support the farmers who are passionately growing crops.

"Farm for Tomorrow, Table for Tomorrow"

DWS

Training Program to Experience the Corporate Philosophy

The “Dining Table Experience Training” involves inviting consumers- the company’s customers - to the offices so that all employees can hear their stories firsthand. Even employees who rarely have the opportunity to interact with customers in their daily work apply the insights gained from these sessions to their jobs.

Creating a “New Norm” Code of Conduct

In the organic food delivery industry, the company has broken with conventional wisdom to blaze its own trail. Its growth concept is “The New Norm”. The code of conduct for creating “The New Norm”, known as “ORDism” (Oisix ra daichi-ism), consists of the following 7 principles.

1. Don’t just do your best—achieve the mission.
2. Act like a soccer team.
3. “Betray” the customer—by exceeding expectations.
4. Take ownership, and act like an owner.
5. Our strength comes from our ability to grow.
6. First comes speed; speed creates value.
7. There is no precedent—so we do it.

2) Corporate DNA

Corporate DNA refers to the values, philosophy, corporate culture and behavioral patterns unique to an organization - cultivated through the founder’s vision and the company’s history and passed down across generations. We believe that formulating and executing business strategies that leverage corporate DNA increases the likelihood of winning in the marketplace. For this reason, Strategy Advisors places great importance on corporate DNA.

Business Strategies That Leverage Our Corporate DNA is the Key to Success

The company’s corporate DNA consists of “a commitment to sustainable, better food that is good for producers, consumers, and the environment” and “a commitment to uniqueness, established through the continuous pursuit of redefining “The New Norm” in food”.

Two Corporate DNAs

The company’s original corporate philosophy was “to provide services that make it easy for more people to enjoy a rich food life”. The “rich food life” the company envisions is “a life in which people can eat safe foods with peace of mind, enjoy their deliciousness, share them happily with family and friends, and ultimately lead to a healthy body”.

To ensure food safety, the company implements product procurement based on the “Oisix Standards” - specific criteria established for each product category - as well as audits of processed foods conducted by the 3rd-party “Food Quality Audit Committee”.

The Unique "Oisix Standards"

The fundamental principle of the "Oisix Standards" is to embody the philosophy that "foods (products) should be ones that food producers would be comfortable giving to their own children". The standards are divided into the following categories: "Agricultural Products", "Livestock Products", "Seafood", "Processed Foods", "Alcohol", "Pet Food", "Home & Kitchen Supplies" and "Body Care and Kitchen Care Products". The "Oisix Standards" strictly restrict or prohibit the use of pesticides, herbicides and chemical fertilizers in agricultural products, growth promoters in livestock products, and synthetic preservatives and synthetic colorants in processed foods.

"Food Quality Audit Committee"

The Food Quality Audit Committee consists of 3 expert members and 3 consumer members, including homemakers. The committee audits processed foods that the company plans to carry on a monthly basis based on the "Oisix Standards" and has the authority to decide whether to accept or reject them.

The Pursuit of Great Taste

Even for products approved through this rigorous process, Oisix does not sell anything that isn't delicious. The company works closely with farmers to thoroughly pursue the selection of optimal varieties, determine the best harvest timing and improve freshness.

Finding & Delivering What Consumers Want

Since its founding, the company has focused not on selling what producers want to sell, but on finding and delivering what consumers want to buy. To achieve this, the company compiles a "Vegetable Map" every year.

Forecasts are created from the consumer's perspective, predicting demand for each vegetable during its respective season and then aligning these with the harvest schedules and projected yields of the contracted farmers across the country. As a result, gaps may appear on the supply map - for example, a shortage of tomatoes in July or a shortage of lettuce in September. If these gaps are not fully filled by increasing shipments from existing contracted producers, alternative producers are found to address the shortfall.

Corporate DNA #1: "A Commitment to Sustainable, Better Food for Producers, Consumer & the Environment"

Strategy Advisors believes that the company's continued efforts in this regard have crystallized into its corporate DNA: "A commitment to sustainable, better food for producers, consumers and the environment".

Transforming the Code of Conduct into Corporate DNA

As reflected in the code of conduct, "Betray" the customer - by exceeding expectations and providing them with moments of delight and surprise. For this reason, the company is thoroughly committed to maintaining its unique identity in every product it sells.

At the company's new product meetings, it is said that even when product developers explain cultivation methods from the producer's perspective or propose product concepts that follow trends, their proposals are often rejected on the grounds that they do not embody the Oisix spirit. As reflected in the code of conduct, "There is no precedent - so we do it." The company has continued to strive to provide "The New Norm" to the world of food since its founding.

The company has valued teamwork since its founding. However, the teamwork it aims for is not like that of a sport such as baseball, where roles are clearly defined by position; but rather “Act like a soccer team”, where in a pinch, nearby teammates step in to defend beyond their roles, and when an opportunity arises, the player with the highest probability of success joins the attack without being bound by their role. The company’s strength lies in the fact that this Oisix-style approach - where teams collaborate to create original products and services - is deeply ingrained within the organization.

**Corporate DNA #2:
“A Commitment to
Uniqueness, Established
Through the Continuous
Pursuit of Redefining “The
New Norm” in Food”**

Within this corporate culture, the company is believed to have formed a corporate DNA characterized by a “commitment to uniqueness, established through the continuous pursuit of redefining ‘The New Norm’ in food”.

**The Spin-Off of the Vehicle
Operation Service Business
Should Also Be Evaluated
from the Perspective of
Corporate DNA**

Furthermore, while the company sold the Vehicle Operation Service business - which was part of the SHiDAX Group when it was acquired - in October 2025, Strategy Advisors assesses that the spin-off of this business, which did not align with the company’s corporate DNA, was a desirable decision not only from the perspective of business synergy, but also from the perspective of the corporate DNA.

3) Inimitability

Focus on Inimitability

The Resource-Based View, proposed by J. B. Barney and others, is a framework that focuses on a company’s internal management resources and capabilities rather than the competitive environment. The VRIO framework concretely illustrates this approach, suggesting that companies should examine Value (economic value), Rarity (scarcity), Inimitability (difficulty of imitation), and Organization (organizational structure). At Strategy Advisors, we place particular emphasis on the concept of inimitability.

2 Aspects of Inimitability

The company’s inimitability lies in its “network of approximately 4,000 contracted producers nationwide” and its “demand-supply management capabilities underpinned by deep, trust-based customer relationships.”

**In the Late 2010s, the
Company Rapidly Expanded
the Number of Contracted
Producers Through M&A**

The company’s contracted farmers not only adhere to production standards such as the “Oisix Standards” but also possess advanced production techniques. In addition to the hit products mentioned earlier, such as “Peach Kabu (Turnip)” and “Toro Nasu (Eggplant),” they produce distinctive, high-quality crops, including “Gokunama Fruit Corn” (Ultra-fresh sweet corn) and “Mitsu Tomato (Sweet tomato)”, which becomes sweeter in the spring.

Founded in 2000, Oisix had built a network of approximately 1,000 contracted producers nationwide by the time it went public in 2013. However, in the late 2010's, the company rapidly expanded its network of contracted producers by successively acquiring 2 major competitors - both of which had more producers under contract than Oisix itself - as subsidiaries. As a result of adding Daichi wo Mamoru Kai (Founded in 1977) to the group in 2017 and Radish Boya (Founded in 1992) in 2018, the company became the undisputed industry leader in the "Specialty × Subscription" food delivery domain, boasting a network of approximately 4,000 contracted producers who meet strict production standards and possess advanced production techniques.

Inimitability #1: A Network of Approximately 4,000 Contracted Producers Nationwide

Among companies with business models similar to the company's B2C Subscription service, few organizations or companies disclose the number of contracted producers on their websites. The organization with the second-highest number of contracted producers is the Palsystem Consumers' Co-operative Union (Service Name: Palsystem), incorporated in 1990, with 635 producers (Source: Sanchoku Data Book 2025). However, the gap between them and the company is significant. Next are "SAKA NO TOCHU" established in 2009, with approximately 400 producers (Source: SAKA NO TOCHU Report Vol. 2, FY2/2024, centered in Western Japan) and BIO Market (Service Name: BIO Marche), established in 1983, with approximately 300 producers. However, judging by the number of years since their establishment, their growth pace has been slower than that of Oisix. Thus, the company's "network of approximately 4,000 contracted producers nationwide" - built through both organic expansion and M&A - can be said to be difficult to replicate.

Selling Non-Standard & Surplus Produce Under the "Otasuke Oisix" Brand

Unlike goods produced in factories, many of the agricultural products the company handles are subject to fluctuations in weather conditions, which can lead to either bumper crops or poor harvests, creating a risk of unstable supply. As mentioned earlier, the company thoroughly manages this risk by creating an annual "Vegetable Map" to diversify its sourcing regions; however, in the agriculture and produce sales industries - which are at the mercy of nature - unforeseen circumstances can still arise.

To address these situations, the company launched "Otasuke Oisix" in 2022. This service notifies subscribers interested in purchasing food that has become difficult to handle through normal distribution channels due to external factors - such as sudden surpluses caused by extreme heat, heavy rain, typhoons or food that no longer meets standard specifications - and sells it at prices lower than usual.

The ability to rapidly adjust demand in response to supply fluctuations and match supply with demand can be attributed to the company's long-standing business activities; whilst pursuing its corporate philosophy of "constantly evolving the ways we connect people who eat with people who produce, to realize a society that delivers a sustainable framework that links farm and table" and "solve social issues related to food through business approaches and we create and expand Tomorrow's Food".

Inimitability #2: “Demand-Supply Management Capabilities Underpinned by Deep, Trust-Based Customer Relationships”

In this way, even when the volume of agricultural produce procured fluctuates significantly due to factors such as weather changes, the company has minimized the impact on its business performance by adjusting customer demand in response to the situation. As a result, the segment EBITDA margin (before adjustments) for the B2C Subscription business remained relatively stable at 11% to 12.7% over the 3 fiscal years from FY3/24 to FY3/26, despite being affected by weather fluctuations.

The company has acquired these “demand-supply management capabilities underpinned by deep, trust-based customer relationships” through long-term business activities. On the other hand, it is believed that competitors lacking the company’s experience, know-how and business scale would require a considerable amount of time to acquire similar capabilities.

4) Positioning Theory

An Approach to Clarifying Differences from Competitors

The positioning theory proposed by renowned management scholar Michael E. Porter is an approach that emphasizes how a company positions its products and services relative to competitors. It identifies 3 basic strategies for companies to build a competitive advantage: 1) cost leadership strategy, 2) differentiation strategy and 3) focus strategy.

Adopting a Differentiation Strategy

Of these, the strategy adopted by the company in its B2C Subscription business - which is both its founding business and its core operation - can be described as the differentiation strategy. A differentiation strategy is one that secures a competitive advantage by providing customers with value that differs from the products and services of competitors in the same industry.

A Consumer-Centric Concept Led to Differentiation

When the company entered the organic food delivery business in 2000, it researched the business models of its competitors. The research revealed that many competitors prioritized supporting producers over providing value to consumers. To purchase from these companies, customers were typically required to pay an enrollment fee and an annual membership fee and food was generally delivered once a week in pre-determined sets selected by the provider. Even if the set included items the customer disliked, they had no choice but to accept it. Additionally, users could not specify delivery dates or times and were forced to wait at home for the products to arrive on the dates and times designated by the provider.

Consequently, the company launched its business with a consumer-centric concept: no enrollment or annual fees, the ability to order any item in any quantity starting from a single item whenever desired and the option to specify the delivery date and time.

Furthermore, by instructing producers on crop varieties and harvest times to maximize flavor, and by conducting pesticide residue tests based on its own safety standards, the company has established a solid brand within the food delivery market and successfully secured a leading position in the high value-added (specialty) price segment.

High-Value-Added Food B2C Subscription Establishing a Unique Position in the Market

Furthermore, by focusing on subscription services from the outset and expanding its business accordingly, the company has differentiated itself from competitors such as businesses specializing in gourmet delivery services and direct-from-farm products, food delivery companies targeting the low-price segment and one-off order operators like online supermarkets. As a result, the company has established a unique position in the B2C Subscription market for high value-added foods.

5) Equity Story

2 Equity Stories

Strategy Advisors identifies 2 key aspects of the company's equity story. Specifically, these are: 1) "organic growth driven by a fundamental improvement in profitability in the B2B Subscription business, leveraging the business foundation and know-how cultivated over a quarter century in the B2C Subscription business" and 2) "a transformation into a leading company in the B2B Subscription business, driven by inorganic growth through a roll-up M&A strategy". In the B2B Subscription business, if the company succeeds in achieving the significant margin improvement targeted in its medium to long-term goals or if it becomes an industry leader through M&A that substantially expands its profit scale, the currently low forward PER is expected to rise even if only one of these occurs. However, if both are realized, it is likely to rise significantly.

Of the 2 scenarios, Strategy Advisors places particular emphasis on the extent of improvement in the EBITDA margin of the B2B Subscription business, which serves as the benchmark for evaluating Scenario 1. It is important to note that even if M&A is carried out while the improvement in the EBITDA margin is not progressing as expected, it may not lead to a rise in the stock price.

Organic Growth Driven by a Fundamental Improvement in the Profitability of the B2B Subscription Business

When considering the first equity story - "Organic growth driven by a fundamental improvement in profitability in the B2B Subscription business, leveraging the business foundation and know-how cultivated over a quarter century in the B2C Subscription business" - the post-merger integration (PMI) of Daichi wo Mamoru Kai and Radish Boya in the late 2010's serves as a useful reference.

Daichi wo Mamoru Kai's Segment Profit Margin Consistently Exceeded Oisix's Figures After Acquisition

In FY3/17, immediately prior to the acquisition, Daichi wo Mamoru Kai's performance was sluggish, with net sales of ¥13.284 billion and ordinary profit of ¥109 million (ordinary profit margin of 0.8%). After becoming a subsidiary in March 2017, Daichi wo Mamoru Kai worked to overhaul its earnings structure by curbing promotional expenses and closing physical stores. As a result, in the 6-months leading up to the merger (April to September 2017), its performance improved significantly, with net sales of ¥6.127 billion and ordinary profit of ¥247 million (ordinary profit margin of 4%).

Subsequently, Daichi wo Mamoru Kai continued to work on cost reductions by bringing manufacturing functions previously outsourced in-house, streamlining marketing and standardizing logistics and customer support functions. Looking at the segment profit margin for the B2C Subscription business (which was the home delivery business until FY3/23), Daichi wo Mamoru Kai's figures have consistently exceeded Oisix's since FY3/18.

Following the Acquisition, Radish Boya's Segment Profit Margin Has Also Consistently Exceeded Oisix's Figures

On the other hand, Radish Boya faced an even more challenging situation in FY2/2018, immediately prior to the acquisition, with net sales of ¥18.931 billion and an ordinary loss of ¥593 million. After becoming a subsidiary in March 2018, the company curbed promotional expenses by eliminating inefficient sales channels and launched a dedicated Radish Boya page on the Oisix website. As a result, during the 7-months leading up to the merger (March to September 2018), the company's performance recovered sharply, with net sales of ¥10.321 billion and an ordinary profit of ¥616 million (ordinary profit margin of 6%).

Subsequently, the company focused on initiatives such as revising delivery fees and increasing ARPU through upselling of subscription products. Looking at the segment profit margin for the B2C Subscription business (referred to as the home delivery business until FY3/23), Radish Boya's figures have consistently exceeded Oisix's since FY3/19.

In the B2C Subscription business, the company's ability to turn around the performance of the 2 companies acquired in the short term is believed to be due to its excellent operational capabilities and the fact that it secured the scale necessary to enjoy economies of scale through M&A. Furthermore, a merit-based culture is deeply ingrained within the company, and the active promotion of former employees from Daichi wo Mamoru Kai & Radish Boya to management positions in the head office's administrative departments is also seen as an underlying factor in the successful integration.

EBITDA Margin for the B2B Subscription Business Declined in Q4 of FY3/25

On the other hand, in the B2B Subscription business, which was launched in earnest following the acquisition of SHiDAX, the company was unable to immediately achieve results in improving profit margins due to the impact of rising food costs, particularly for rice. The EBITDA margin (previous basis) for this business in Q4 FY3/24, when SHiDAX became a consolidated subsidiary, was 4.6%, but it declined to 3.1% in Q4 FY3/25.

Potential for an Increase in Forward PER Due to a Fundamental Improvement in the B2B Subscription Business's Profit Margins

However, in FY3/26, following the acquisition of SHiDAX Group's B2B Subscription company as a wholly owned subsidiary, the company began full-scale efforts to optimize contract pricing and standardize store operations. As a result, the EBITDA margin (previous basis) for the B2B Subscription business rose from 3.3% in the previous fiscal year to 4.9% in FY3/26.

The company has set a policy to further significantly increase the EBITDA margin of its B2B Subscription business by FY3/30 through initiatives such as standardizing store operations, evolving products and services and also promoting "Taipa (time efficient) Food Services", which aims to reduce labor requirements on-site through the introduction of fully prepared meals and commercial meal kits. If the company leverages the corporate DNA cultivated in its B2C Subscription business - specifically, its "commitment to uniqueness, established through the continuous pursuit of redefining "The New Norm" in food - and fully utilizes the business foundation and know-how of the B2C Subscription business; this is expected to provide momentum for improving profit margins in the B2B Subscription business. A detailed discussion of the series of initiatives in the B2B Subscription business is provided in Chapter 7.

If the company succeeds in achieving the substantial improvement in profit margins targeted for the B2B Subscription business in the medium to long term, the currently low projected PER is likely to rise due to enhanced growth potential and a more stable earnings structure.

Regarding the second equity story, "A transformation into a leading company in the B2B subscription business, driven by inorganic growth through a roll-up M&A strategy", the industry environment and the company's financial condition are expected to be key factors.

In the food service industry, many major companies were listed on the stock market from the 1990's through the 2000's. However, against the backdrop of a challenging industry environment, a series of tender offers (TOBs) by parent companies and competitors led to a wave of delistings. Examples include aim Services (Delisted in 2003), MEFOS (2005), Green House (2006), LEOC (2009) and NISSIN HEALTHCARE FOOD SERVICE (2010).

As a result, recent financial information for major industry players is rarely disclosed. It is said that the OP Margin for many companies is 2% or less, and even among the few major companies that do disclose figures, the OP Margin (non-consolidated) was 3-4%. However, it appears that a very small number of companies have secured OP Margins exceeding 5% by establishing highly efficient operations through measures such as the introduction of central kitchens.

A Transformation into a Leading Company in the B2B Subscription Business

Major Companies in the Food Service Industry Have Been Exiting the Stock Market One After Another

Launching a Roll-up M&A Strategy

In the food service industry, where even major players have low market share, it is considered quite possible that a leading company could emerge depending on future M&A activity. The company has adopted a “roll-up” M&A strategy - a method of rapidly expanding business scale and enhancing competitiveness through the successive acquisition and integration of competitors - as its growth strategy for its B2B Subscription business. As the first step in this initiative, in April 2026, the company group took over the food service outsourcing business for care facilities and hospitals (net sales of approximately ¥1 billion, serving about 30 facilities) from "Nanohana Kyushu" (Headquarters: Fukuoka Prefecture) through an absorption-type spin-off.

Sound Financial Position

Financial health is a critical factor in advancing M&A strategies. The company's net D/E ratio (calculated by dividing net interest-bearing debt by equity) stood at 0.3x at the end of FY3/23, but deteriorated to 1.08x by the end of FY3/25 due to the acquisition of SHiDAX and other factors. Subsequently, following the sale of the Vehicle Operation Service business and other factors, the net D/E ratio improved to 0.77x as of the end of FY3/26. Note that while the net interest-bearing debt used in the company's financial results presentation materials excludes lease liabilities, Strategy Advisors uses net interest-bearing debt that includes lease liabilities for the purpose of comparing the company with its peers.

Furthermore, the net interest-bearing debt/EBITDA ratio - calculated by dividing net interest-bearing debt by EBITDA - is a key financial metric for companies seeking to expand their business through M&A. As of the end of FY3/26, the company's net debt-to-EBITDA ratio stood at 1.63x, below the generally accepted healthy threshold of 3x, indicating that its current financial position is sound. The company's financial strategy is discussed in detail in Chapter 5.

The challenging business environment in the B2B Subscription industry also presents an investment opportunity for listed companies with sound financial health like this one, so we will be looking to see if the company can continue to execute M&A transactions steadily.

Expectations for PER Rise

It is conceivable that if the B2B Subscription business experiences high growth through M&A and the net sales share of low-margin B2B Subscription businesses increases, the overall profit margin will decline, putting downward pressure on the company's expected PER. The company has dispelled these concerns by setting a target in its new medium to long-term goals (Discussed below) for the FY3/30 EBITDA margin to rise significantly from the 4.9% recorded in FY3/26 (Under previous basis; 3.7% under new basis). (Specific numerical targets are not disclosed at this time due to the change in accounting standards). The company believes it can raise its overall profit margin by significantly improving the profitability of its B2B Subscription business - which currently has a relatively low profit margin - even as it increases the net sales proportion derived from this segment.

In the food service industry, there are currently no other listed companies whose core business is food services, leaving the sector without a clear market leader. However, Strategy Advisors believes that if the company improves its overall profit margin while significantly expanding the profit scale of its B2B Subscription business through M&A to become the industry leader, its forward PER could rise due to growth potential.

5. Financial Strategy

Total Assets Have Increased Significantly Over the Past 6 Fiscal Years

The company's total assets surged from ¥26 billion at the end of FY3/20 to ¥108.1 billion at the end of FY3/26. During this period, tangible fixed assets, accounts receivable, cash and deposits, customer-related intangible assets and goodwill all increased significantly.

Tangible Fixed Assets Increased Due to Investment in a Large-Scale Logistics Center

The increase in tangible fixed assets was primarily due to the construction of the "ORD Ebina Station" (total floor area of approximately 38,000 m²), a large-scale logistics center with full-floor refrigeration, in FY3/22 and the "ORD Atsugi cold storage Station" (total floor area of approximately 23,000 m²), a logistics center specializing in frozen goods, in FY3/24. As of the end of FY3/26, these 2 "Stations" accounted for over 90% of the total value of tangible fixed assets.

Although the execution of these large-scale investments led to a significant increase in depreciation expenses, which was a factor in the short-term decline in operating profit, it contributed to improving the competitiveness of the B2C Subscription business and we can expect effective utilization in the B2B Subscription business going forward.

Customer-Related Intangible Assets & Goodwill Increased Due to the Acquisition of the SHiDAX Group

The significant increase in customer-related intangible assets and goodwill resulted from the acquisition in FY3/24 of the SHiDAX Group, which operates B2B Subscription services, Social Services and Vehicle Operation Services. The amortization periods for the SHiDAX-related B2B Subscription business are 22 years for customer-related intangible assets and 20 years for goodwill. Meanwhile, the amortization periods for the SHiDAX-related Social Service business are 17 years for both customer-related intangible assets and goodwill.

The combined balance of goodwill and customer-related intangible assets reached ¥40.8 billion (28.4% of total assets) at the end of the fiscal year ended FY3/24. However, due to the impact of scheduled amortization and the disposal of the Vehicle Operation Service business - which resulted in the elimination of that business's customer-related intangible assets and goodwill - this figure decreased to ¥20.7 billion (19.2% of total assets) in FY3/26.

Possibility of a Shift in the Assessment of the SHiDAX Group Acquisition

Although operating profit and EBITDA expanded following the acquisition of the SHiDAX Group, it is difficult to say that the acquisition itself was viewed favorably by investors, given the deterioration in the company's financial position and sluggish profit margins. However, considering the rapid progress of a series of reforms - such as the sale of the Vehicle Operation Service business, where synergies were not expected - the assessment of the SHiDAX Group acquisition could change significantly depending on the future performance of the B2B Subscription business.

Free Cash Flow, Which Had Been Negative, Turned Positive in FY3/26

Driven by the growth of the B2C Subscription business and the acquisition of the SHiDAX Group, operating cash flow surged from ¥1 billion in FY3/20 to ¥9.2 billion in FY3/26. Investment cash flow surged from -¥1.7 billion in FY3/20 to -¥12.4 billion in FY3/25 due to capital expenditures and M&A-related cash outflows, it turned into a cash inflow of ¥2 billion in FY3/26 following the sale of the Vehicle Operation Service business. As a result, free cash flow, which had been negative for several consecutive fiscal years, turned positive in FY3/26 - the first time since FY3/21, when it posted a significant positive figure due to a COVID-19-related surge in demand. The company expects to maintain positive FCF on a single-year basis through FY3/30, provided it does not execute any large-scale M&A transactions.

Equity Ratio at the End of FY3/26 Recovered Slightly Compared to the Previous Fiscal Year-End

Since the negative FCF from FY3/22 through FY3/25 was primarily financed through borrowings, the equity ratio declined from 49.8% at the end of FY3/21 to 22.6% at the end of FY3/25. In other words, the company can be said to have undertaken aggressive investments by maximizing financial leverage. The equity ratio recovered slightly to 25.3% at the end of FY3/26, as borrowings were repaid using proceeds from the sale of the Vehicle Operation Service business. However, it remains at a lower level compared to the period prior to the acquisition of the SHiDAX Group.

Dividends Began in FY3/26

Since its founding, the company had prioritized retaining earnings to strengthen its financial position and prepare for future business expansion and therefore did not pay dividends. However, due to efforts to enhance corporate value through a combination of organic growth and M&A, the company paid its first dividend in FY3/26. Starting in FY3/27, the company has set a target consolidated dividend payout ratio of 20% and in conjunction with flexible share buybacks, a target total return ratio of 20–30%.

M&A Transactions from FY3/21 Through FY3/25 Were Carried Out Using Borrowings

In addition, following the sale of its Vehicle Operation Service business, the company announced its medium to long-term targets for capital allocation ratios for the fiscal years ending FY3/26 through FY3/30. Over the past 5 fiscal years, from FY3/21 to FY3/25, 60% of cash inflows came from core operating cash flow, while 40% came from borrowings. On the other hand, 95% of cash outflows were attributable to M&A and 5% to shareholder returns (the amount obtained by subtracting the proceeds from share issuances from the amount spent on share buybacks). Note that core operating cash flow is calculated by subtracting capital expenditures associated with the growth of existing businesses from operating cash flow.

Oisix ra daichi | 3182 (TSE Prime)

The Company's Policy is to Fund All M&A & Shareholder Returns from FY3/26 to FY3/30 Exclusively with Core Operating Cash Flow

Conversely, for the period from FY3/26 to FY3/30, 100% of cash inflows are planned to be covered by core operating cash flow, while 70–80% of cash outflows will be allocated to M&A and 20–30% to shareholder returns. Through FY3/30, the company aims to expand its business through strategic M&A centered on its B2B Subscription business, while also continuously strengthening shareholder returns - such as increasing dividends through EPS growth driven by business expansion and an improved dividend payout ratio, as well as share buybacks.

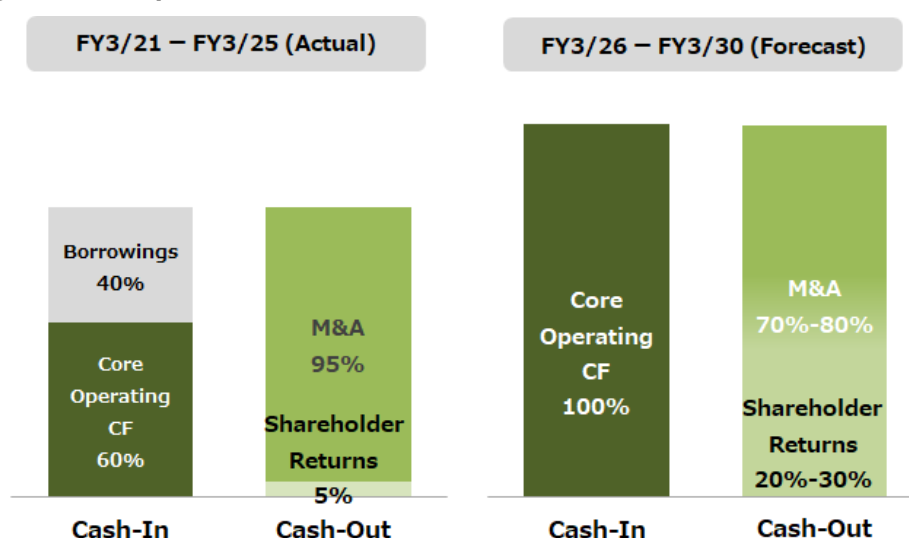
The company has set the following assumptions: annual capital expenditures of ¥3 billion to ¥3.5 billion (approximately ¥1.9 billion in FY3/26), an equity ratio of approximately 20–25% (25.3% in FY3/26) and an upper limit of 2.0x for the net debt (excluding lease liabilities)/EBITDA ratio (0.28x in FY3/26).

For FY3/26, operating cash flow was ¥9.3 billion and capital expenditure was ¥1.9 billion, resulting in core operating cash flow of ¥7.4 billion. Since core operating cash flow is expected to remain at a high level from FY3/27 onward, new borrowing is not considered necessary unless there is a particularly large-scale M&A transaction. If M&A investment amounts fall below expectations, shareholder returns could exceed the plan.

It is Unlikely That Future M&A Transactions Will Result in Buying at Inflated Prices

Some investors may be concerned that the company, which is actively pursuing M&A, could acquire a food service provider at an inflated price, thereby significantly adversely affecting its financial condition and performance. However, given that the company's internal management systems have been strengthened under the leadership of its CFO - who has a background in investment banking - and considering that the food service industry's challenging environment and rising interest rates have created a buyer's market for M&A in this sector, it is unlikely that future M&A transactions will result in the company paying a premium.

Figure 16. Capital Allocation



Source: Company Materials.

Figure 17. Trends in Financial Indicators (¥mn)

FY	3/20	3/21	3/22	3/23	3/24	3/25	3/26
[Cash Flow]							
Cash Flows from Operating Activities	1,080	8,819	924	5,306	7,722	3,496	9,284
Profit Before Taxes	1,747	6,991	4,358	2,652	6,398	6,559	7,435
Depreciation	594	837	1,465	1,985	2,614	4,596	4,387
Amortization of Goodwill	506	598	577	263	501	1,339	1,187
Cash Flows from Investing Activities	-1,754	-2,780	-4,110	-12,135	-10,815	-12,451	2,037
Purchase of Property, Plant and Equipment	-1,258	-1,871	-2,872	-2,076	-2,782	-3,404	-1,875
Purchase of Investment Securities	-93	-825	-648	-10,122	-628	-635	-103
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-362	64	0	0	-7,217	-8,261	0
Cash Flows from Financing Activities	254	1,894	636	8,265	17,735	-1,551	-9,186
Increase (Decrease) in Borrowings	-682	1,087	-51	9,011	18,909	1,109	-5,496
Proceeds from the Issuance of Shares	812	4,586	2	2	0	0	0
Purchase of Shares of Subsidiaries Not Resulting in Change in Scope of Consolidation	0	0	0	0	0	-5	-1,498
Purchase of Treasury Shares	0	-4,500	0	0	0	-2,311	-730
Dividends Paid	0	0	0	0	0	0	-277
Free Cash Flow	-674	6,039	-3,186	-6,829	-3,093	-8,955	11,321
[B/S]							
Cash and Deposits	7,676	15,580	13,071	14,775	29,649	19,155	21,263
Accounts Receivable	6,824	8,485	8,964	9,626	24,879	25,938	23,678
Tangible Fixed Assets	1,432	2,234	16,482	16,399	26,400	27,066	23,437
Goodwill	2,375	1,698	1,261	1,190	15,225	14,837	7,730
Customer-Related Intangible Assets	0	0	0	0	25,655	24,476	13,006
Total Assets	26,087	38,360	52,634	64,502	143,709	134,564	108,137
Borrowings	52	1,294	1,150	10,161	31,859	33,380	24,877
Lease liabilities	64	55	12,648	11,998	19,868	18,711	17,453
Shareholders' equity	14,081	19,223	21,954	23,764	27,878	28,978	26,110
Non-controlling interests	174	900	1,739	1,542	8,306	9,030	1,709
[KPIs]							
EBITDA	3,595	8,902	6,216	5,595	8,241	12,800	12,914
ROE	5.9%	30.2%	13.2%	7.9%	15.9%	12.8%	16.4%
ROIC	-	-	-	-	7.6%	7.8%	9%
Equity Ratio	53.7%	49.8%	42.0%	38.1%	20.2%	22.6%	25.3%
Net D/E Ratio	-0.54	-0.75	-0.54	-0.19	0.08	0.47	0.13
Net Debt/EBITDA	-2.12	-1.60	-1.92	-0.82	0.27	1.11	0.28
DPS (¥)	0	0	0	0	0	0	20
Payout Ratio	-	-	-	-	-	-	15.3%

Note:

Net interest-bearing debt is calculated excluding lease liabilities.

For this figure only, ROE is calculated using average shareholders' equity during the period.

For this figure only, ROIC is calculated by dividing after-tax operating profit by the sum of average interest-bearing debt (excl. lease liabilities) and average shareholders' equity during the period.

Source: Company Data. Compiled by Strategy Advisors.

6. Recent Earnings Trends

1) FY3/26 Results

**FY3/26:
Excluding the Impact of
Business Divestitures,
Revenue +3.5% &
Operating Profit +21%**

For FY3/26, net sales decreased to ¥251.419 billion (-1.8% YoY), EBITDA increased to ¥12.914 billion (+0.9% YoY), operating profit increased to ¥7.339 billion (+6.9% YoY) and profit attributable to owners of parent increased to ¥4.527 billion (+24.4% YoY). Excluding the impact of the Vehicle Operation Service business sold in October 2025, net sales increased to ¥236.835 billion (+3.5% YoY), EBITDA increased to ¥11.048 billion (+11% YoY) and operating profit increased to ¥5.969 billion (+21% YoY).

Figure 18. FY3/26 Financial Results (¥mn)

FY	3/25	3/26	YoY	vs. Company Plan
Net Sales	256,009	251,419	-1.8%	-1.4%
Gross Profit	75,210	73,913	-1.7%	—
Gross Profit Margin	29.4%	29.4%	—	—
SG&A Expenses	68,345	66,574	-2.6%	—
SG&A Expenses Ratio	26.7%	26.5%	—	—
Operating Profit	6,864	7,339	6.9%	0.5%
OP Margin	2.7%	2.9%	—	—
Ordinary Profit	6,561	6,840	4.3%	—
Extraordinary Income/Expenses	-2	595	—	—
Profit Before Income Taxes	6,559	7,435	13.4%	—
Corporate Taxes	3,095	2,830	-8.6%	—
Profit	3,464	4,604	32.9%	—
Profit (Loss) Attributable to Non-controlling Interests	-173	77	—	—
Profit Attributable to Owners of Parent	3,638	4,527	24.4%	13.2%
EBITDA	12,800	12,914	0.9%	0.5%
EBITDA Margin	5%	5.1%	—	—

Excl. Vehicle Operation Service

Net Sales	228,834	236,835	3.5%
Operating Profit	4,934	5,969	21%
OP Margin	2.2%	2.5%	—
EBITDA	9,952	11,048	11%
EBITDA Margin	4.3%	4.7%	—

Source: Company Data. Compiled by Strategy Advisors.

Results in Line with the Revised Plan

Following the business restructuring, while net sales fell short by 1.4% of the company's plan revised in November 2025, EBITDA and operating profit each exceeded the plan by 0.5% and profit attributable to owners of parent exceeded the plan by 13.2%. Compared to the segment-level net sales targets, B2C Subscription fell short by 4.2% and others by 11.1%, but B2B Subscription exceeded the target by 4% and Social Service by 1.7%.

Extraordinary Gains & Losses Were Recorded

As for extraordinary gains, a gain of ¥2.292 billion on the sale of shares in an affiliated company was recorded in connection with the sale of the Vehicle Operation Service related to SHiDAX. In addition, as extraordinary losses, impairment losses totaling ¥1.707 billion were recorded regarding the goodwill of HiOLI and stores in the others segment, assets related to the overseas home delivery business (Hong Kong), the goodwill of Purple Carrot in the B2C Subscription Business and the goodwill of BONDISH in the B2B Subscription Business.

The Profit Attributable to Owners of the Parent +24%

Due to the promotion of a review of intra-group transactions, the income tax adjustment changed from ¥841 million in the previous fiscal year to -¥762 million. Consequently, the effective tax rate improved from 47.2% in the previous fiscal year to 38.1%. As a result, the growth rate of profit attributable to owners of parent was 24%, exceeding the growth rate of ordinary profit (+4%).

Revenue for the B2C Subscription Business -3%, While EBITDA Was -9%

By segment (including inter-segment net sales), the B2C Subscription Business reported net sales of ¥94.286 billion (-3% YoY) and EBITDA of ¥11.284 billion (-9% YoY). By breakdown, Oisix recorded net sales of ¥60.114 billion (+1% YoY) and EBITDA of ¥8.362 billion (-9% YoY), while the others (Daichi wo Mamoru Kai, Radish Boya, Purple Carrot) recorded net sales of ¥34.172 billion (-9% YoY) and EBITDA of ¥2.921 billion (-9% YoY).

Regarding Oisix, while the company secured revenue growth by offsetting a decline in subscriber numbers with an increase in ARPU, it was slightly impacted by rising raw material costs. Additionally, increased marketing expenses, particularly in Q2, led to a decrease in EBITDA. For the "others" segment, the decline in net sales due to a decrease in subscriber numbers contributed to the decrease in EBITDA.

Figure 19. Financial Results by Segment (¥mn)

Sales				Segment EBITDA				
FY	3/25	3/26	YoY	FY	3/25	3/26	YoY	Margin
B2C Subscription	97,152	94,286	-3%	B2C Subscription	12,343	11,284	-9%	12%
Oisix	59,662	60,114	1%	Oisix	9,148	8,362	-9%	13.9%
Other (Daichi + Radish + PC)	37,489	34,172	-9%	Other (Daichi + Radish + PC)	3,195	2,921	-9%	8.5%
B2B Subscription	76,576	83,385	9%	B2B Subscription	2,503	4,062	62%	4.9%
Social Service	36,559	40,378	10%	Social Service	1,546	1,839	19%	4.6%
Vehicle Operation Service (Non-consolidated in H2 FY3/25)	27,174	14,584	-46%	Vehicle Operation Service (Non-consolidated in H2 FY3/25)	2,848	1,866	-34%	12.8%
Other Business	21,138	21,702	3%	Other Business	1,331	1,000	-25%	4.6%
Consolidation Adjustments	-2,592	-2,918	-	Corporate Expenses and Others	-13,709	-12,714	-	-
Sales	256,009	251,419	-2%	Corporate Expenses	-7,773	-7,139	-	-
Sales (excl. Vehicle's)	228,834	236,835	3%	Amortization of Goodwill	-5,935	-5,574	-	-
				Depreciation				
				Operating Profit	6,864	7,339	7%	2.9%
				Operating Profit (excl. Vehicle's)	4,934	5,969	21%	2.5%
				EBITDA	12,800	12,914	1%	5.1%

Source: Company Data. Compiled by Strategy Advisors.

B2B Subscription Business Revenue +9% & EBITDA +62%

The B2B Subscription business reported net sales of ¥83.385 billion (+9% YoY) and EBITDA of ¥4.062 billion (+62% YoY). The main breakdown of net sales was as follows: Life Care Food Services at ¥33.913 billion (+3% YoY), Contract Food Services at ¥25.112 billion (+10% YoY) and School Lunch Services at ¥18.219 billion (+15% YoY). Regarding the EBITDA margin, although costs increased due to soaring food costs and higher labor expenses, the margin improved from 3.3% in the previous fiscal year to 4.9% because of efforts to standardize operations and optimize contract unit prices.

Standardization of operations refers to initiatives led by headquarters to standardize personnel recruitment, placement, division of roles and food procurement - areas where there had previously been significant variation between facilities. By advancing these initiatives, the company improved its labor expenses-to-sales ratio and food expenses-to-sales ratio in FY3/26, despite the impact of rising costs. However, the company acknowledges that only about half of its facilities have been standardized to date.

Progress in Building a Framework for Fundamental Improvement in the Profit Margin of the B2B Subscription Business

Furthermore, the full acquisition of the food service subsidiary in September 2025 is seen as a major factor in the improvement of the EBITDA margin that began in FY3/26. Organizational changes, such as personnel changes, appear to have accelerated decision-making and given momentum to the reforms. Subsequently, in March 2026, the manufacturing, systems and corporate divisions were integrated across both the B2B Subscription and B2C Subscription businesses and the merger of 2 major subsidiaries in the B2B Subscription business is scheduled for July. It can be said that the company is making steady progress in building the organizational structure necessary to achieve the “fundamental improvement in the profit margins of the B2B Subscription business by leveraging the B2C business foundation and know-how”, as outlined in its equity story.

Social Service Business: 10% Revenue Growth & 19% EBITDA Growth

The Social Service segment reported net sales of ¥40.378 billion (+10% YoY) and EBITDA of ¥1.839 billion (+19% YoY). Breaking down net sales, after-school care accounted for ¥27.63 billion (+18% YoY), while others totaled ¥12.748 billion (-3% YoY). The EBITDA margin improved slightly from 4.2% in the previous fiscal year to 4.6%, driven by the increase in revenue.

Vehicle Operation Service Business: Revenue -46%, EBITDA -34%

The Vehicle Operation Service business, which was excluded from the consolidated financial statements in H2 due to a business sale, recorded net sales of ¥14.584 billion (-46% YoY) and EBITDA of ¥1.866 billion (-34% YoY).

Others: 3% Revenue Growth, 25% Decline in EBITDA

Net sales for Other Businesses were ¥21.702 billion (+3% YoY) and EBITDA was ¥1.000 billion (-25% YoY). The poor performance of HiOLI, which recorded business restructuring costs, led to the decline in EBITDA.

Excluding the Impact of Business Divestitures, the Plan for FY3/27 Calls for a 6.4% Increase in Revenue & 45.7% Increase in Operating Profit

2) Company Forecasts for FY3/27

The company's plan for FY3/27 projects net sales of ¥252 billion (+0.2% YoY), EBITDA of ¥13.4 billion (+3.8% YoY), operating profit of ¥8.7 billion (+18.5% YoY) and profit attributable to owners of the parent of ¥4.6 billion (+1.6% YoY). Excluding the impact of the Vehicle Operation Service business sold in October 2025, net sales are projected to increase by 6.4%, EBITDA by 21.3% and operating profit by 45.7% (OP Margin improvement of 0.6ppt), representing a substantial increase in earnings on a comparable basis.

The reason the operating profit growth rate is higher than the EBITDA growth rate is that a decrease in goodwill amortization and other items is expected due to the recognition of impairment losses in the previous fiscal year. The reason the growth rate of the profit attributable to owners of the parent is lower than the operating profit growth rate is that, unlike the previous fiscal year, which was affected by temporary tax effects resulting from tax optimization, the corporate tax burden rate is expected to return to normal levels in FY3/27. Furthermore, interest expense, which is recorded as a non-operating expense, is expected to decrease in line with the reduction in outstanding borrowings.

Oisix ra daichi | 3182 (TSE Prime)

B2C Subscription Business Plan: 1% Revenue Growth, 3% EBITDA Growth

In the segment-by-segment plan (previous basis, including inter-segment sales), the B2C Subscription Business is projected to have net sales of ¥95.3 billion (+1% YoY), EBITDA of ¥11.6 billion (+3% YoY) and an EBITDA margin of 12.2% (+0.2ppt YoY). The breakdown is as follows: Oisix is projected to have net sales of ¥63.5 billion (+6% YoY), EBITDA of ¥9 billion (+8% YoY), and an EBITDA margin of 14.2% (+0.3ppt YoY); others (Daichi wo Mamoru Kai, Radish Boya, Purple Carrot) are projected to achieve net sales of ¥31.8 billion (-7% YoY), EBITDA of ¥2.6 billion (-11% YoY) and an EBITDA margin of 8.2% (-0.3ppt YoY).

For Oisix, a slight improvement in profitability is expected due to increased LTV from acquiring subscribers targeting families with children, as mentioned earlier, the continued rise in average order value in recent years, and operational improvements. Measures for operational improvements include: 1) revising the product lineup by scrutinizing unprofitable SKUs (Stock-Keeping Units), 2) improving procurement costs by in-sourcing the company's procurement network, 3) reducing discount promotion expenses and waste through inventory optimization and 4) optimizing new customer acquisition costs based on LTV-driven investment decisions. Meanwhile, regarding other players, a deliberate downsizing of Purple Carrot -which continues to underperform - is anticipated.

Under the New Basis, the B2C Subscription Business is Projected to See a 1% Increase in EBITDA

Based on the new basis, which revises the method for allocating corporate-wide expenses to each segment, the B2C Subscription business is expected to generate EBITDA of ¥10.25 billion (+1% YoY) and an EBITDA margin of 10.8% (0 ppt YoY). In terms of breakdown, Oisix's EBITDA is projected to be ¥8 billion (+6% YoY), with an EBITDA margin of 12.6% (0ppt YoY), while others are projected to be ¥2.25 billion (-14% YoY), with an EBITDA margin of 7.1% (+0.5ppt YoY).

B2B Subscription Business Plan: 10% Revenue Growth & 40% EBITDA Growth

The plan for the B2B Subscription Business (previous basis) is for net sales of ¥91.8 billion (+10% YoY) and EBITDA of ¥5.7 billion (+40% YoY). Factors contributing to the revenue growth include the contribution of "Nanohana Kyushu" (net sales of approximately ¥1 billion, approximately 30 facilities), acquired in April; the acquisition of approximately 120 new facilities (as of the end of April); and an increase in contract unit prices due to price optimization.

While the company anticipates an increase in costs, primarily labor expenses and food expenses, it plans to improve the EBITDA margin from 4.9% in the previous fiscal year to 6.2% by further standardizing operations using AI.

EBITDA for the B2B Subscription Business Under the New Basis is Projected to Increase by 52%

Under the new basis, EBITDA for the B2B Subscription business is projected to be ¥4.7 billion (+52% YoY) with an EBITDA margin of 5.1% (+1.4ppt YoY).

Figure 20. Financial Forecast by Segment (Previous Basis) (¥mn)

Sales				Segment EBITDA				
FY	3/26	3/27 CoE	YoY	FY	3/26	3/27 CoE	YoY	Margin
B2C Subscription	94,286	95,300	1%	B2C Subscription	11,284	11,600	3%	12.2%
Oisix	60,114	63,500	6%	Oisix	8,362	9,000	8%	14.2%
Other (Daichi + Radish + PC)	34,172	31,800	-7%	Other (Daichi + Radish + PC)	2,921	2,600	-11%	8.2%
B2B Subscription	83,385	91,800	10%	B2B Subscription	4,062	5,700	40%	6.2%
Social Service	40,378	46,500	15%	Social Service	1,839	2,000	9%	4.3%
Vehicle Operation Service (Non-consolidated in H2 FY3/25)	14,584	-	-	Vehicle Operation Service (Non-consolidated in H2 FY3/25)	1,866	-	-	-
Other Business	21,702	21,500	-1%	Other Business	1,000	1,350	35%	6.3%
Consolidation Adjustments	-2,918	-3,100	-	Corporate Expenses and Others	-12,714	-11,950	-	-
Sales	251,419	252,000	0%	Corporate Expenses	-7,139	-7,250	-	-
Sales (excl. Vehicle's)	236,835	252,000	6%	Amortization of Goodwill	-5,574	-4,700	-	-
				Depreciation				
				Operating Profit	7,339	8,700	19%	3.5%
				Operating Profit (excl. Vehicle's)	5,969	8,700	46%	3.5%
				EBITDA	12,914	13,400	4%	5.3%

Source: Company Data. Compiled by Strategy Advisors.

Figure 21. Financial Forecast by Segment (New Basis) (¥mn)

Sales				Segment EBITDA				
FY	3/26	3/27 CoE	YoY	FY	3/26	3/27 CoE	YoY	Margin
B2C Subscription	94,286	95,300	1%	B2C Subscription	10,146	10,250	1%	10.8%
Oisix	60,114	63,500	6%	Oisix	7,541	8,000	6%	12.6%
Other (Daichi + Radish + PC)	34,172	31,800	-7%	Other (Daichi + Radish + PC)	2,604	2,250	-14%	7.1%
B2B Subscription	83,385	91,800	10%	B2B Subscription	3,090	4,700	52%	5.1%
Social Service	40,378	46,500	15%	Social Service	1,528	1,700	11%	3.7%
Vehicle Operation Service (Non-consolidated in H2 FY3/25)	14,584	-	-	Vehicle Operation Service (Non-consolidated in H2 FY3/25)	1,527	-	-	-
Other Business	21,702	21,500	-1%	Other Business	1,245	1,600	28%	7.4%
Consolidation Adjustments	-2,918	-3,100	-	Corporate Expenses and Others	-10,198	-9,550	-	-
Sales	251,419	252,000	0%	Corporate Expenses	-4,623	-4,850	-	-
Sales (excl. Vehicle's)	236,835	252,000	6%	Amortization of Goodwill	-5,574	-4,700	-	-
				Depreciation				
				Operating Profit	7,339	8,700	19%	3.5%
				Operating Profit (excl. Vehicle's)	5,969	8,700	46%	3.5%
				EBITDA	12,914	13,400	4%	5.3%

Source: Company Data. Compiled by Strategy Advisors.

Social Service Business Plan: 15% Revenue Growth, 9% EBITDA Growth

The Social Service business plan (previous basis) projects net sales of ¥46.5 billion (+15% YoY), EBITDA of ¥2 billion (+9% YoY) and an EBITDA margin of 4.3% (-0.3ppt YoY). The increase in net sales is driven by a rise in the number of contracted facilities, primarily for after-school care.

Social Service Business EBITDA Forecast Under New Basis: 11% Increase

Under the new basis, the Social Service Business is projected to generate EBITDA of ¥1.7 billion (+11% YoY), with an EBITDA margin of 3.7% (-0.1ppt YoY).

Others: 1% Decline in Revenue, 35% Increase in EBITDA

The forecast for the Others segment (previous basis) is net sales of ¥21.5 billion (-1% YoY), EBITDA of ¥1.35 billion (+35% YoY), and an EBITDA margin of 6.3% (+1.7ppt YoY). An improvement in the EBITDA margin is expected due to the reduction in restructuring costs related to HiOLI, which were recorded in the previous fiscal year.

Under the New Basis, the Plan for Businesses Others' EBITDA is a 28% Increase

Under the new basis, EBITDA for businesses other than those listed on the main segments is projected to be ¥1.6 billion (+28% YoY), with an EBITDA margin of 7.4% (+1.7ppt YoY).

Aiming to Achieve Net Sales of ¥325.0 Billion, EBITDA of ¥19.0 Billion & EPS of ¥175 in FY3/30

The company has revised its medium to-long-term targets for FY3/30, which were originally set in May 2025. The previous numerical targets were adjusted EPS (EPS × (net profit before income taxes and minority interests – extraordinary losses) ÷ net profit before income taxes and minority interests), which the company considers its most important indicator, at ¥175, with combined net sales of ¥300 billion for the B2C Subscription and B2B Subscription businesses and a combined adjusted segment profit margin of 9% for the B2C Subscription and B2B Subscription businesses.

The adjusted EPS, which is considered the most important indicator, was changed to simply EPS, while the numerical target of ¥175 was maintained. Regarding net sales, the target was changed from the combined net sales of the B2C & B2B Subscription businesses to company-wide net sales and the numerical target was revised to ¥325 billion. Regarding the adjusted segment profit margin of 9% based on the combined value of the B2C & B2B Subscription businesses, the target was revised to company-wide EBITDA of ¥19 billion. Additionally, regarding the profit metrics prioritized in management, the focus was shifted from adjusted segment profit (adjusted segment profit margin) to EBITDA (EBITDA margin) for both segment and company-wide levels.

7. Medium to Long-Term Outlook

CAGR Targets: 7% for Net Sales & 14% for EBITDA

Consequently, the CAGR plan from FY3/25 to FY3/30 is 5% for net sales, 8% for EBITDA and 11% for EPS. On a basis excluding the Vehicle Operation Service business, the projected CAGR is 7% for net sales and 14% for EBITDA.

The CAGR Targets for Net Sales by Segment Are 13% for B2B & 3% for B2C Subscriptions

The breakdown of net sales targets by segment for FY3/30 is as follows: B2C Subscription at ¥110 billion (CAGR 3%), B2B Subscription at ¥140 billion (CAGR 13%) and Others (the total of Social Service, Other Businesses and Consolidation Adjustments) at ¥75 billion (CAGR 6%).

The B2B Subscription Business is Planned to Focus on Organic Growth

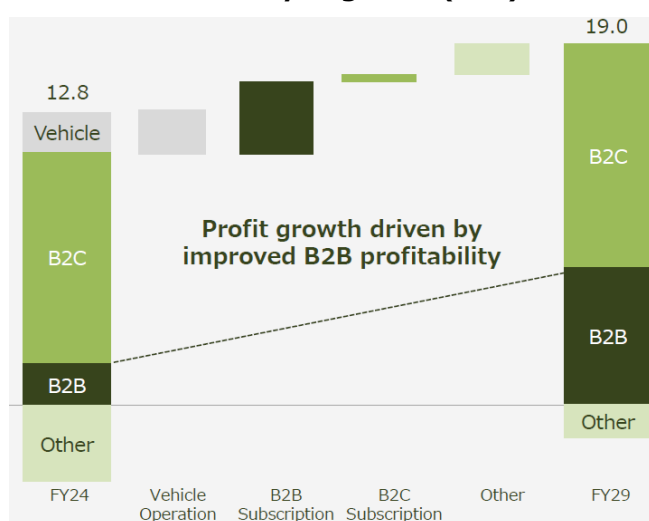
For the B2C Subscription business, low growth is expected due to a 3% YoY revenue decline in FY3/26 and a planned 1% revenue increase for FY3/27. For the "Others" segment, growth is primarily expected from the after-school care segment within the Social Service business.

It appears that the company expects approximately 10% of the 13% CAGR for the B2B Subscription business to come from organic growth - driven by factors such as an increase in the number of contracted facilities and higher average revenue per customer - while the remaining 3% is attributed to inorganic growth through roll-up M&A. Thus, the M&A contribution is not factored in to a significant extent. Therefore, if M&A for the B2B Subscription business is realized in line with the capital allocation targets, it is considered possible that net sales for this business in FY3/30 will exceed the plan.

B2B Subscription Business to Drive EBITDA Growth

Figure 22 is a graph illustrating the projected change in EBITDA by segment, comparing FY3/25 and FY3/30. Although profits from the divested Vehicle Operation Service business will be lost, a significant increase in EBITDA for the B2B Subscription business is expected due to increased net sales and improved profitability. Note that the "Others" EBITDA figure used in this graph is the sum of the Social Service business, Other businesses and corporate-wide expenses.

Figure 22. EBITDA Movement by Segment (¥bn)



Note: "Others" represents the sum of the Social Service Business, Other Businesses, and adjustments.

Source: Company Materials.

EBITDA for the B2C Subscription Business is Expected to Increase Slightly

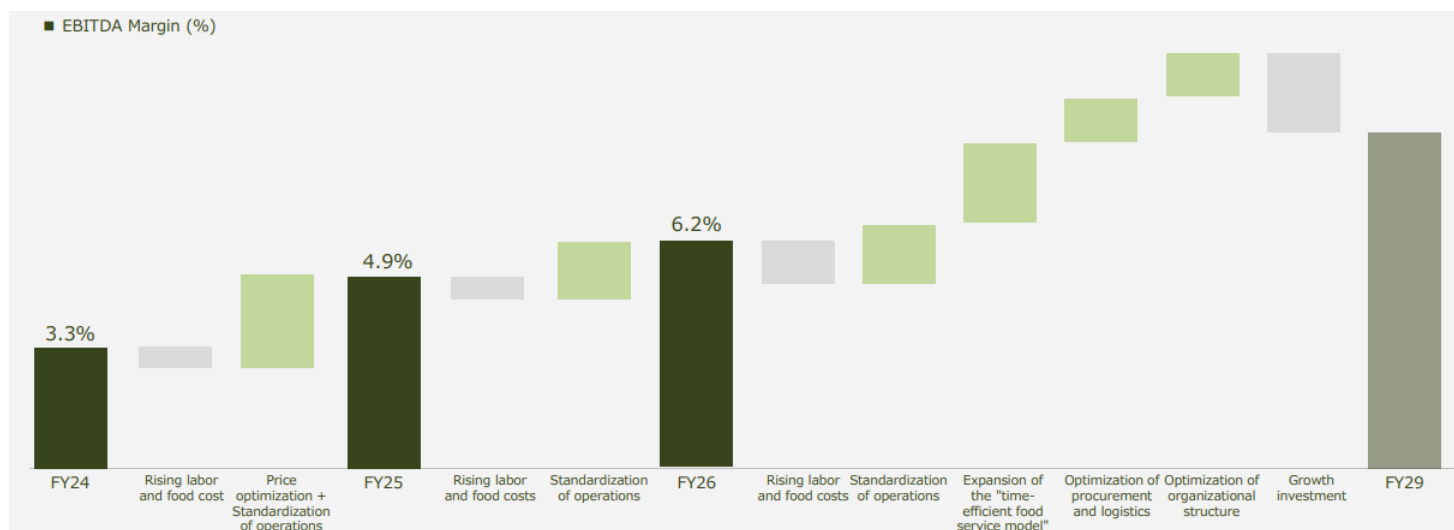
The small increase in EBITDA for the B2C Subscription Business is due to the fact that EBITDA for FY3/26 decreased by 9% compared to the base period of FY3/25, the expectation that various synergies with the B2B Subscription Business will materialize primarily within the B2B Subscription Business and the fact that a significant expansion in the number of subscribers is not anticipated. However, if synergies with the B2B Subscription Business also materialize in the B2C Subscription Business, or if measures to acquire families with children prove successful and the churn rate falls below expectations, it is possible that the B2C Subscription Business's EBITDA could exceed the plan.

The EBITDA Margin for the B2B Subscription Business is Expected to Improve Due to Multiple Factors

Figure 23 illustrates the projected future trends and factors influencing the EBITDA margin (Previous basis) for the B2B Subscription business. Factors contributing to the improvement of the EBITDA margin include the standardization of facility operations and price optimization for FY3/26 and the standardization of facility operations for FY3/27. From FY3/28 through FY3/30, in addition to the standardization of facility operations, the expansion of the "Taipa (time efficient) Food Service Model", optimization of procurement and logistics and optimization of the organizational structure are cited.

On the other hand, rising costs such as labor expenses and food expenses are cited as factors contributing to the continued deterioration of the EBITDA margin. Furthermore, growth investments in human resources and physical assets are cited as factors contributing to the deterioration of the EBITDA margin from FY3/28 to FY3/30. While the increase in labor expenses included in the overall cost increase is primarily due to rising minimum wages, the investment in human resources included in growth investments is intended to proactively improve employee benefits. Regarding investments in physical assets, the company appears to anticipate an increase in costs other than depreciation expenses related to capital expenditures, as it plans to intensify its efforts in this area going forward.

Figure 23. EBITDA Margin Movement (Previous Basis) for the B2B Subscription Business Toward FY3/30



Note: Under the new accounting standards, which involve a change in the allocation policy for corporate-wide expenses, the EBITDA margin for each period is expected to be lower than the figures shown above.

Source: Company materials

Development of Fully Prepared Meals to Expand the "Taipa Food Service Model"

The company expects the expansion of the "Taipa (Time Efficient) Food Service Model" to be the primary driver of EBITDA margin improvement starting in FY3/28. The "Taipa" model is the company's proprietary initiative that pursues time efficiency across product development, procurement, manufacturing/processing and logistics and cooking/service. By leveraging the overwhelming meal kit development capabilities and big data from its B2C Subscription business, the company aims to simultaneously achieve labor savings and high value-added services that competitors cannot replicate.

In terms of products, the company is focusing on developing fully prepared meals that are both delicious and visually appealing. A prime example of this is "Genki Gohan", a strategic product for which test sales to care facilities began in November 2025. Since full-scale sales will not begin until FY3/27, the number of facilities currently using the product is still considered small. However, if "Genki Gohan" helps with the expansion into care facilities - where the annual number of meals served per user is higher than in School Lunch Services or corporate cafeterias - an increase in average net sales per customer and an improvement in profit margins through lower labor expenses can be expected. We look forward to seeing how this develops.

"Genki Gohan" Energizes Both Seniors & the Industry

"Genki Gohan" is a product worthy of attention not only because it leads to improved profitability for the company, but also because it addresses challenges facing care facilities and the school meal industry. These challenges are: 1) In care facilities, serving the same portion sizes as for general adults had led to chronic food waste, resulting in issues such as malnutrition and weight loss among residents, 2) in the food service industry, rising labor expenses and chronic labor shortages were persistent problems and 3) the continued surge in food costs was a major challenge.

In response, as the adoption of "Genki Gohan" progresses, the following benefits are expected: 1) the realization of "appetizing meals" through small-portion, high-nutrient meals and proprietary technology, 2) a sustainable operational model centered on experienced part-time staff enabled by standardized operations and 3) cost optimization through the utilization of manufacturing infrastructure shared with the B2C Subscription business. From this perspective, "Genki Gohan" can be described as a product that not only energizes the elderly, but also revitalizes the industry.

Through Collaboration with the B2C Subscription Division, Oisix Aims to Improve EBITDA Margins by Optimizing Procurement & Logistics, as Well as Streamlining Organizational Structures

Factors expected to drive further improvement in the EBITDA margin starting from FY3/28 include the optimization of procurement and logistics, as well as the optimization of organizational structure. Many of these factors are based on the business foundation and know-how cultivated by the B2C Subscription division, which cannot be easily replicated by competitors specializing solely in food services.

Optimizing procurement and logistics involves integrating the manufacturing division with the B2C Subscription business (reducing costs by improving production line utilization rates, pursuing product quality and optimizing operations) and strengthening collaboration within the logistics division (increasing delivery volume by improving delivery routes and loading efficiency, and evolving to an industry-standard delivery platform). These initiatives aim to improve the EBITDA margin by reducing the ratio of raw material costs to net sales and the ratio of SG&A expenses to net sales. On the other hand, organizational optimization is a measure aimed at improving the EBITDA margin by reducing the ratio of labor expenses to net sales through the consolidation of group-wide shared functions via the integration of corporate departments.

Strengthening collaboration between these 2 divisions could also have a positive impact on the profitability of the B2C Subscription business. However, since the company does not anticipate an improvement in the EBITDA margin of the B2C Subscription business in its medium to long-term targets, if the results of strengthened collaboration materialize in the B2B Subscription business, the EBITDA of the B2C Subscription business could exceed the target.

Integration of Manufacturing, Systems, & Corporate Divisions for Both Businesses in March 2026

To strengthen the organizational structure for implementing the above measures, the company integrated the manufacturing, systems and corporate divisions of both the B2B & B2C Subscription businesses in March 2026. As a result, the streamlining of the head office division was the first tangible outcome. Regarding the integration of the systems division, the company plans to focus on improving productivity through Digital Transformation (DX), as well as integrating core systems and establishing operational processes. In July 2026, the company plans to merge 2 major subsidiaries in the B2B Subscription business, which is expected to further streamline the head office and strengthen sales capabilities.

Solid Start Toward Achieving a 5.8% EBITDA Margin by FY3/30

The company expects to improve its company-wide EBITDA margin from 5% in FY3/25 (4.3% excluding the Vehicle Operation Service business) to 5.8% in FY3/30. This is because the impact of a significant improvement in the profit margin of the B2B Subscription business is projected to outweigh the negative impact on the sales mix caused by the rising net sales share of the B2B Subscription business, which has a relatively lower profit margin.

In fact, in FY3/26, the company succeeded in improving its company-wide EBITDA margin by 0.4ppt YoY, driven by a 1.6ppt improvement in the EBITDA margin of its B2B Subscription business (excluding the Vehicle Operation Service business). Strategy Advisors places the highest priority on improving the EBITDA margin of the B2B Subscription business to realize the company's equity story, and we assess that the company has made a solid start toward achieving its medium to long-term goals in this regard.

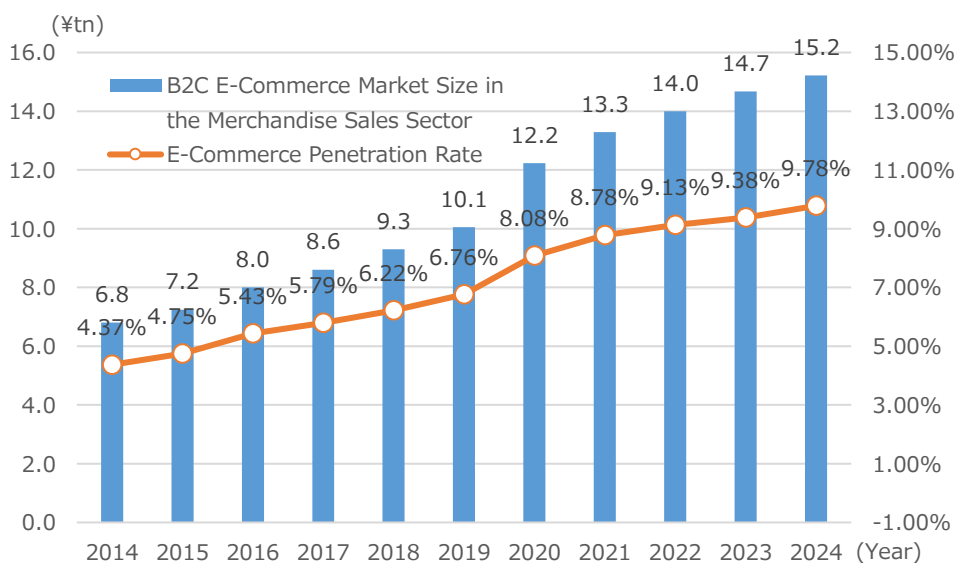
8. Market Trends

1) B2C Subscription (Food Delivery) Market

The E-Commerce Penetration Rate in the Domestic B2C E-Commerce Market is Projected to Reach 9.78% in 2024

According to a market survey on e-commerce conducted by the Ministry of Economy, Trade and Industry, the B2C e-commerce market size in the Merchandise Sales Sector expanded from ¥6.8043 trillion in 2014 to ¥15.2194 trillion in 2024, while the e-commerce penetration rate rose from 4.37% to 9.78% over the same period. While the e-commerce penetration rate rose significantly in 2020 due to stay-at-home consumption, the rate of increase had been slowing since then. However, the rate of increase accelerated again in 2024. Nevertheless, Japan's e-commerce penetration rate remains low compared to other major countries and further market expansion is anticipated.

Figure 24. Trends in the B2C E-commerce Market Size and E-commerce Penetration Rate for the Merchandise Sales Sector



Source: Ministry of Economy, Trade and Industry, "FY2024 Market Survey Report on Electronic Commerce".

The E-Commerce Penetration Rate for Food, Beverages & Alcoholic Beverages Remains Low, While the Market's Growth Rate is High

Focusing on the company's core sectors, the B2C e-commerce market size for food, beverages and alcoholic beverages in 2024 reached ¥3.1163 trillion(+6.4% YoY) (E-commerce penetration rate: 4.52%). The e-commerce penetration rate for food, beverages and alcoholic beverages remains relatively low and the growth rate of this market continues to outpace the average for the Merchandise Sales Sector (+3.7% YoY). According to a survey by the Ministry of Economy, Trade and Industry, the company's market share in the domestic B2C e-commerce food delivery market is still only 3%, suggesting there is ample room for future growth even within the domestic market.

Figure 25. B2C E-commerce Market Size and E-commerce Penetration Rate by Product Category in the Merchandise Sales Sector (¥bn)

Category	2023		2024	
	Market Size	E-Commerce Penetration Rate	Market Size	E-Commerce Penetration Rate
	YoY		YoY	
1 Food, Beverages, and Alcoholic Beverages	2,930 (+6.52%)	4.29%	3,116 (+6.36%)	4.52%
2 Home Appliances, AV Equipment, PCs and Peripherals, etc.	2,684 (+5.13%)	42.88%	2,744 (+2.26%)	43.03%
3 Books, Video and Music Software	1,887 (+3.54%)	53.45%	1,871 (-0.84%)	56.45%
4 Cosmetics, Pharmaceuticals	971 (+5.64%)	8.57%	1,015 (+4.54%)	8.82%
5 Household Goods, Furniture, Interior Decor	2,472 (+5.01%)	31.54%	2,562 (+3.62%)	32.58%
6 Clothing and Fashion Accessories, etc.	2,671 (+4.76%)	22.88%	2,798 (+4.74%)	23.38%
7 Automobiles, Motorcycles, Parts, etc.	322 (+1.26%)	3.64%	334 (+3.50%)	4.16%
8 Other	739 (+0.87%)	1.91%	780 (+5.49%)	2.08%
Total	14,676 (+4.83%)	9.38%	15,219 (+3.70%)	9.78%

Source: Ministry of Economy, Trade and Industry, "FY2024 Market Survey Report on E-Commerce".

As mentioned earlier, the company positions itself in the "Specialty × Subscription" domain of the domestic food delivery market. Other domains include, "Specialty × One-Off", "Reasonable × One-Off" and "Reasonable × Subscription".

Figure 26. Domestic B2C (Food Delivery) Market (Reprinted)



Source: Company Materials.

"HelloFresh" Which Operates Globally, Withdrew from the Japanese Market in Less Than a Year

While players in the "Specialty × Subscription" domain are discussed in Chapter 2 and will not be covered here, "HelloFresh" which entered the domestic market in 2022 will be used as a comparison.

HelloFresh operates a meal kit delivery service in over 10 countries, primarily in Europe and the U.S., with a focus on Germany. Although it launched its service in Japan in April 2022, it withdrew from the Japanese market in December of the same year, citing a lack of prospects for profitability amid intense competition. While differences in food culture and consumer behavior likely played a role, this clearly demonstrated that even for a company providing services globally, achieving success in the domestic "Specialty × Subscription" domain is no easy feat.

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Players in the "Specialty × One-Off" Domain

Players in the "Specialty × One-Off" domain include Rakuten Group (4755 TSE Prime, service name: Rakuten Ichiba), Ame Kaze Taiyo (5616 TSE Growth, service name: Pocket Marche) and Vivid Garden (Service Name: TABECHOKU).

These companies position gourmet delivery service and direct-from-farm delivery as their selling points; unlike Oisix, they do not purchase directly from farmers to sell to consumers. Furthermore, their business models differ in that they leave pricing decisions to farmers and focus primarily on spot sales.

Players in the "Reasonable × One-Off" Domain

Players in the "Reasonable × One-Off" domain can be broadly categorized into food delivery services and online grocery stores. Notable food delivery companies include Uber Eats and Demae-can (2484 TSE Standard). Major food delivery companies sell fully prepared meals in the mass-market price range on a one-off basis, positioning themselves at the opposite end of the spectrum from Oisix.

Online grocery services are operated by major retail companies such as AEON (8267 TSE Prime) and LIFE CORPORATION (8194 TSE Prime). These companies also primarily operate on a one-off sales model for mass-market products, including daily necessities other than food and can be said to occupy a distinct market segment from the company.

Players in the "Reasonable × Subscription" Domain

Players in the "Reasonable × Subscription" domain include the Palsystem Consumers' Co-operative Union (Service Name: Palsystem) and Yoshikei Development (Service Name: Yoshikei), which provides a meal kit delivery service for dinner. Palsystem had a total membership of 1.76 million as of FY3/25, which significantly exceeds the company's subscriber count. However, since the proportion of online orders was approximately 50% in H1 FY3/23 and the number of active users is unknown, making a direct comparison with the company difficult. Furthermore, the fact that the cooperative business model is not profit-driven represents a major difference from the company.

Regarding Yoshikei, its official website states that it has approximately 500,000 subscribers. However, since the number of active users is unknown, the company operates through a franchise model and online orders are low - with face-to-face sales appearing to be the primary channel - a direct comparison with the company is difficult. Given the differences in product price ranges and customer demographics, it can be said that Oisix and these 2 firms occupy distinct market segments.

2) B2B Subscription (Food Service) Market

The domestic B2B Subscription (food service) market is worth approximately ¥5 trillion and has remained stable, except during the period when it declined due to the impact of the COVID-19 pandemic. However, as discussed in Chapter 4, since the 1990's, intensifying competition has forced many listed companies to delist. In recent years, soaring food costs, increases in the minimum wage and chronic labor shortages have led to deteriorating performance and business failures among food service providers.

Figure 27. Domestic B2B (Food Service) Market



Source: Company Data.

Even Industry Leaders Have Low Market Share

Currently, major companies in the food service industry include NISSIN HEALTHCARE FOOD SERVICE, aim Services, LEOC, Green House, Fuji Sangyo, Compass Group Japan (Formerly Seiyo Food Systems), Uokuni Food Services, and MEFOS among others. The top 10 companies are said to hold about 20% of the market share and the intense competitive environment that has persisted since the 1990's appears to remain unchanged. While the company has a business scale second only to this leading group, unlike in the B2C Subscription market, it has not yet established a unique position for itself. However, if the growth strategy leveraging the business foundation and know-how of the company's B2C Subscription business proves successful, there is a significant possibility that its presence within the industry will increase.

Institutional Catering is the Largest Market

According to a market survey of the food service industry conducted by the Japan Foodservice Association among its member companies, the market size for institutional food service in 2023 was ¥3.1741 trillion. The breakdown was as follows: schools (excluding universities) ¥483.2 billion, workplaces ¥1.5884 trillion, hospitals ¥751.3 billion and nurseries ¥351.2 billion. Workplaces account for 50% of the total, making them the largest market.

Selection of Comparable Companies with Similarities to the Subject Company

9. Comparison of Financial Ratios with Similar Companies

Since Strategy Advisors found no listed companies in the same industry that could be directly compared to the company, companies with similarities to the company from among domestic food and beverage-related firms, regardless of whether they operate in e-commerce or not were selected for comparison.

From non-e-commerce companies, we selected KOBE BUSSAN (3038 TSE Prime), which operates manufacturing-retail food supermarkets built on its own supply chain; Blue Zone Holdings (417A TSE Prime), a food supermarket chain handling high-value-added and premium products; Delica Foods Holdings (3392 TSE Standard), which provides pre-cut vegetables and meal kits to the foodservice industry; and Silver Life (9262 TSE Standard), which operates a franchise headquarters for meal delivery services for the elderly. Additionally, we selected Premium Water Holdings (2588 TSE Standard), which, although not primarily focused on e-commerce, operates a subscription-based business model for home-delivered water. From food-related e-commerce companies, we selected Base Food (2936 TSE Growth), which sells its own products - primarily bread and pasta - via a subscription model and Kitanotatsujin Corporation (2930 TSE Prime), which sells health foods and cosmetics.

KOBE BUSSAN & Others Demonstrate Relatively Strong Financial Health

Looking at financial stability indicators such as the equity ratio and net debt-to-equity ratio, companies with strong earning power - such as KOBE BUSSAN, Silver Life and Kitanotatsujin Corporation - show favorable figures. Additionally, while Base Food has a low equity ratio, its financial position is relatively sound because it is effectively debt-free.

On the other hand, the company and Premium Water Holdings have engaged in aggressive investment, resulting in equity ratios and net D/E ratios that appear relatively weak.

Premium Water Holdings & Others Have Relatively Strong Profitability

Looking at profitability metrics such as OP Margin and EBITDA margin, Premium Water Holdings, which boasts a high gross profit margin, posts exceptionally high figures. Silver Life, Kitanotatsujin Corporation and KOBE BUSSAN also maintain relatively strong levels.

On the other hand, Base Food, which has only been profitable for 2 fiscal years since returning to profitability, still has low profit margins. Since the improvement in profitability of the acquired SHiDAX Group is still a work in progress, the company's current profit margins remain at a relatively low level.

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KOBE BUSSAN Deserves High Marks for its ROE

Looking at ROE, an indicator of a company's overall strength, the company ranks fourth, following the top 3 firms: Premium Water Holdings, Base Food and KOBE BUSSAN. However, the high ROE figures for this company, Base Food, and Premium Water Holdings are partly influenced by their low equity ratios. Therefore, KOBE BUSSAN, which successfully balances a healthy equity ratio with a high ROE, deserves high praise.

KOBE BUSSAN & Base Food Rank High in ROIC

Looking at ROIC (calculated using interest-bearing debt and equity as capital employed), which is not affected by financial leverage, KOBE BUSSAN and Base Food rank high. The company's ROIC is relatively low among comparable firms because its level of interest-bearing debt (including lease liabilities) is high relative to its profit levels.

The Company's EBITDA Level Can Be Viewed as a Key Component of Its Business Foundation

Looking at EBITDA, a measure of profit scale, Blue Zone Holdings and KOBE BUSSAN rank as the top 2 companies, followed by Premium Water Holdings and the company in question. While the company places a high priority on M&A, a certain level of profit scale is necessary to achieve economies of scale. The company's EBITDA level can be evaluated as one of the business foundations for executing future M&A.

Expectations for Improved Profitability in the B2B Subscription Business

Overall, excluding ROE and EBITDA, the company's figures cannot be described as favorable when compared to similar companies at this point. However, if the company can achieve its medium to long-term targets for FY3/30, improvements are expected in other metrics as well; therefore, improved profitability can be anticipated in the B2B Subscription business the company is currently developing.

Figure 28. Profitability Comparison with Peer Companies

Company Name	Code	FY	ROE (Actual) (%)	ROIC (Invested Capital) (Actual) (%)	ROIC (Operating Assets) (Actual) (%)	EBITDA (Actual) (¥mn)	EBITDA Margin (Actual) (%)	OP Margin (CoE) (%)	Equity Ratio (Actual) (%)	Net D/E Ratio (Actual) (x)
Oisix Ra Daichi	3182	3/26	15.7	5.5	5.9	12,914	5.1	3.5	25.3	0.8
KOBE BUSSAN	3038	10/25	21.7	13.9	31.1	46,429	8.4	7.6	62	-0.6
BLUE ZONES HD	417A	3/26	12.4	9.7	11.5	52,727	6.5	4.1	46.6	0.2
Base Food	2936	2/26	21.9	11.0	50.4	283	1.9	0.4	33.8	-0.9
Silver Life	9262	7/25	10.5	6.5	7.4	1,782	11.9	6.7	66.7	0
Premium Water HD	2588	3/26	29.6	8.9	26.3	25,551	31.8	16.4	23.7	1.2
Kitanotatsujin Corp.	2930	2/26	8.7	8.3	29	1,129	10.1	6.6	84.8	-0.7
Delica Foods Holdings	3392	3/26	15.6	7.2	7.8	3,377	5.4	3.6	35.4	0.5

Note: Blue Zone Holdings' ROE and ROIC were calculated using Yaoko's figures as of the end of fiscal year 2024.

Source: Company Data. Compiled by Strategy Advisors.

10. Stock Price Trends and Valuation

Stock Price Has Risen Since 2018, When the Company Entered a Phase of Profit Growth

The long-term trend of the company's stock price has generally tracked its profit forecasts and actual results. From the time of its IPO through 2017, the stock price remained at a low level, generally below ¥1,000 (adjusted for stock splits), as operating profit fluctuated between ¥700 million and ¥900 million. In May 2018, following the announcement of earnings forecasts for FY3/19 - which projected significant revenue and profit growth driven by the acquisition of Radish Boya and other factors, the stock price broke through the ¥1,000 mark (post-split). After an upward revision to the earnings forecast, the stock reached a high of ¥2,497 in December 2018.

Driven by a Surge in Profits During the COVID-19 Pandemic, the Stock Price Surpassed ¥5,000 in 2021

In May 2019, when the released earnings forecast for FY3/20 projected a decline in profits, the stock price began to fall, dropping below ¥1,000 in February 2020. However, as the COVID-19 pandemic took hold in Japan, interest in food delivery services surged, causing the stock price to rebound in March 2020. When the earnings forecast for FY3/21, which projected a significant increase in profit, was announced in May, the stock price surpassed ¥2,000. Following a substantial upward revision of the earnings forecast due to the surge in demand for online grocery shopping during the COVID-19 pandemic, the stock price temporarily exceeded ¥4,000 in October. However, the stock price subsequently entered a consolidation phase around the ¥3,000 level.

The financial results for FY3/21, announced in May 2021, showed a significant increase in operating profit to ¥7.4 billion—3x the previous year's figure. However, the stock price remained relatively flat because the outlook for FY3/22 projected a substantial decline in earnings, as the company anticipated that some of the demand that had surged during the pandemic would fade. Subsequently, as buying interest grew among investors who recognized the company's long-term growth potential, the stock price temporarily surpassed ¥5,000 in September 2021.

From the Fall of 2021 Onward, the Stock Price Range Narrowed Due to Deteriorating Earnings

However, triggered by the announcement of a profit decline in the second-quarter results for FY3/22 in November 2021, the stock price began to fall and subsequently shifted to a range of ¥2,000 to ¥3,500. In May 2022, when the company announced earnings forecasts indicating only a modest profit increase for FY3/23, the stock price fell, dropping to a range of ¥1,500 to ¥2,500.

Although Earnings Began to Recover in the Summer of 2023, the Stock Price Range Narrowed Further Due to a Decline in Valuation

In May 2023, earnings forecasts for FY3/24 were released, projecting a significant increase in profits, but this had little impact on the stock price. When results for FY3/24 Q1 were released in August, the stock price entered a downward trend as the forward PER declined due to the low profit growth rate. When the stock price fell below ¥1,500 in October 2023, it subsequently settled into a range of ¥1,000 to ¥1,500.

Although the Recovery of Earnings Continued, the

In the FY3/24 earnings report released in May 2024, operating profit recovered to ¥5.1 billion (+54% YoY) aided by factors such as the acquisition

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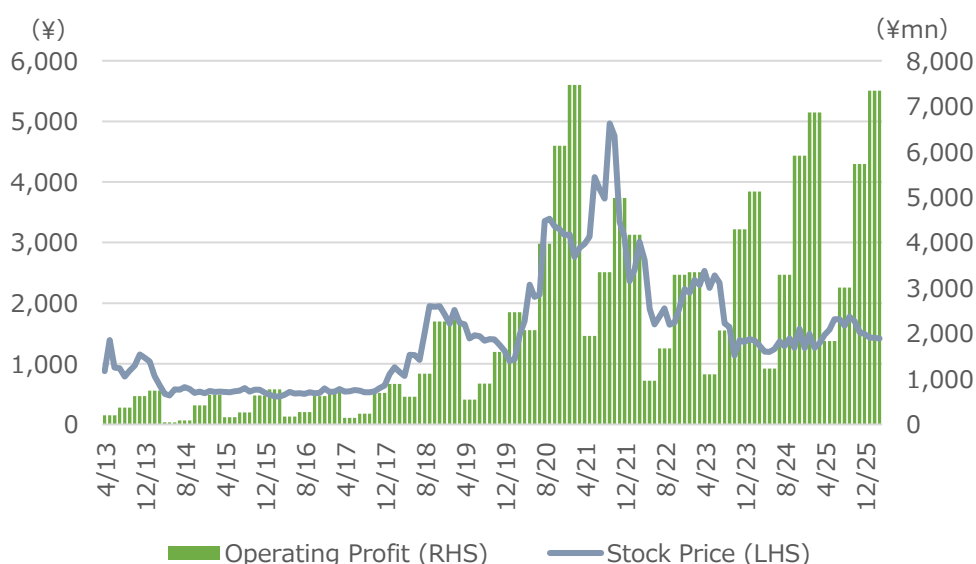
Upward Shift in the Stock Price Range Was Limited

Currently Trading Between ¥1,300 & ¥1,600

of SHiDAX as a subsidiary. The company also projected that operating profit for FY3/25 would increase to ¥7 billion. In response to the recovery of earnings, the stock price gradually rose, temporarily breaking through the ¥1,700 mark in November. However, the stock price subsequently faced resistance at higher levels and the trading range shifted to roughly ¥1,200–¥1,600.

In May 2025, when the company announced a plan for an all-time high operating profit of ¥8 billion for FY3/26, the stock price began a gradual upward trend, rising to nearly ¥2,000 in August. However, the stock price subsequently underwent a slight correction and is currently trading within a range of roughly ¥1,300 to ¥1,600.

Figure 29. Oisix ra daichi Stock Price & Operating Profit

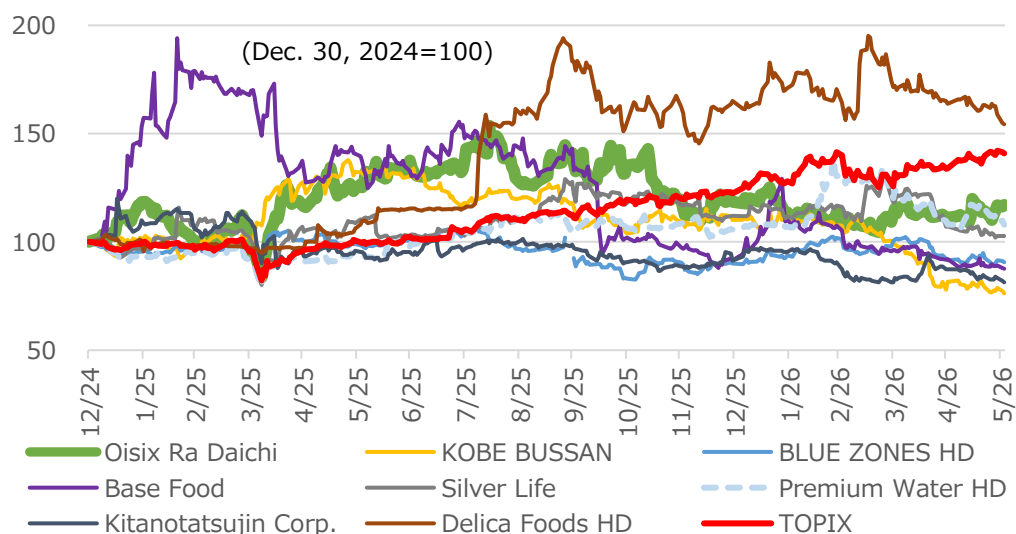


Note: Figures for FY3/14–FY3/16 are non-consolidated.
Source: Company Data. Compiled by Strategy Advisors.

Figure 30 shows a comparison of the company's stock price with that of peer companies and TOPIX since the end of December 2024. Driven by a positive earnings outlook, the company's stock price outperformed both TOPIX and peer companies through the fall of 2025. However, following the announcement of a decline in operating profit in H1 FY3/26, released in November, the company's stock price began to decline. As a result, over the past 6 months, the company's stock has underperformed TOPIX. On the other hand, the stock prices of many comparable companies have also been sluggish during this period, so the company's stock performance was not relatively poor.

It should be noted that Base Food’s stock price surged through February 2025 because its operating profit for Q3 FY2/2025 turned positive for the first time, excluding Q2 FY2/2024, which recorded a one-time gain. Furthermore, Delica Foods’ stock price rose in the summer of 2025 because the company announced strong results for Q1 FY3/26, raising expectations for an upward revision of its earnings forecast (in fact, the earnings forecast was revised upward in October of that year).

Figure 30. Stock Price Trends of Oisix ra daichi & Similar Companies



Note: For Blue Zone Holdings, Yaoko’s stock price was used through the end of September 2025.

Source: Company Data. Compiled by Strategy Advisors.

Forward PER Temporarily Exceeded 100x

The company’s forward PER was highly valued for a while after the IPO, but from 2015 to 2017, as valuations stabilized, it generally ranged between 20x and 40x. In May 2018, the stock began a sharp rise following the announcement of a strong earnings outlook for FY3/19. Subsequently, as positive quarterly results were confirmed, expectations for an upward revision of earnings forecasts grew and the estimated PER temporarily exceeded 100x. When a significant upward revision of earnings forecasts was announced in October 2018, the estimated PER fell to around 40x.

The forward PER had fluctuated between 30x and 50x since 2019, but starting in the spring of 2020, expectations for expanding demand for online grocery shopping amid the COVID-19 pandemic surged, causing the ratio to rise to approximately 60x by the end of 2020. Entering 2021, heightened expectations regarding the company’s long-term growth potential caused the ratio to rise again to nearly 100x by September.

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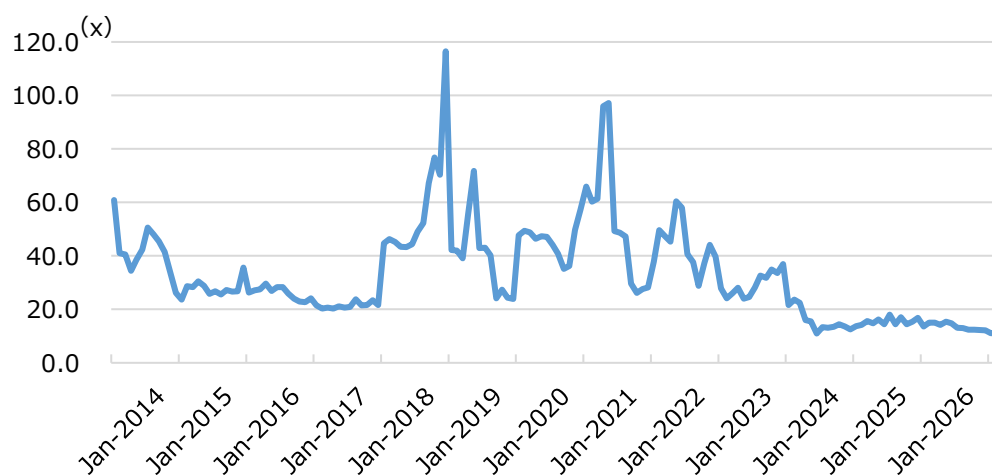
Long-Term Growth Expectations Faded & Forward PER Fell Sharply

Subsequently, concerns about the company failing to meet its earnings forecasts and a decline in long-term growth expectations caused the stock price to plummet and the forward PER fell to around 30x. In fact, when the earnings forecast for FY3/22 was revised downward in February 2022, the forward PER temporarily rose to the 40x range. Thereafter, as the market increasingly sought to assess the company's earnings recovery, the forward PER resumed its downward trend, fluctuating within a range of 20x to 40x through the end of 2023.

In May 2024, a robust earnings forecast for FY3/25 was announced, but the market reaction was muted and forward PER fell to 11x. Following a rise in the stock price through the fall of 2025, forward PER also rose to 14x. Subsequently, as the stock price fell back, current forward PER dropped to 11x.

Trend in Forecast PER

Figure 31. Oisix ra daichi's Forecast PER Trend

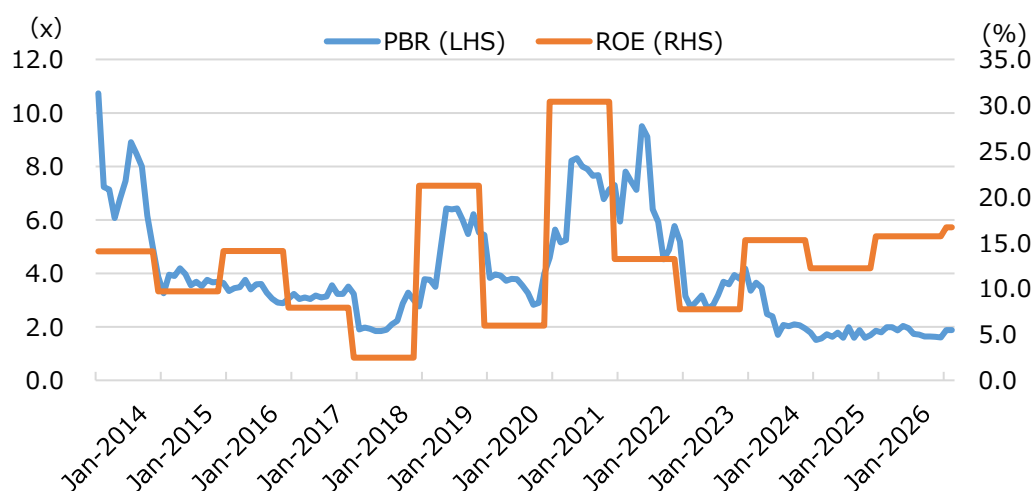


Note: Non-consolidated figures for FY3/14–FY3/16.

Source: Company Data. Compiled by Strategy Advisors.

Trends in ROE & PBR

Figure 32. Trends in Oisix ra daichi's ROE and PBR



Note: Figures for FY3/14–FY3/16 are non-consolidated.

The ROE for FY3/27 is a forecast calculated using projected earnings and the average equity as of the end of FY3/26 and FY3/25.

Source: Company Data. Compiled by Strategy Advisors.

PBR is at Historically Low Levels

Excluding the period immediately following the IPO, the company's PBR generally moved in tandem with ROE through 2021. In 2022, while the PBR remained at a high level due to rising growth expectations, a significant deterioration in earnings and a sharp decline in ROE caused a divergence between the two metrics. On the other hand, from 2024 onward, although ROE has risen to 10% to 15% in line with the recovery in earnings, the PBR has remained at a low level compared to periods in the past when the company maintained a similar level of ROE, as expectations for long-term growth potential have not risen.

Relative to Peers, Forward PER is Low

In a valuation comparison with peer companies, the company's forward PER ranks third lowest among the 7 companies (excluding Base Food, for which company-forecast EPS has not been disclosed) and at 11x in absolute terms, it is not highly valued. On the other hand, its ROE ranks 4th out of eight companies and its 5th-highest PBR can be considered a fair valuation.

Realization of the Equity Story is Expected to Drive an Increase in Forward PER

As outlined in the equity story, if the company succeeds in achieving the significant margin improvement targeted in its medium to long-term goals for the B2B Subscription business, or if it significantly expands its profit scale through M&A to become an industry leader - even if only one of these occurs - the currently low forward PER is expected to rise; however, if both are realized, it could rise substantially.

Figure 33. Valuation Comparison with Peer Companies

Company Name	Code	FY	Stock Price (June 2 nd)	Market Cap. (¥bn)	EV (Actual) (¥bn)	EV/EBITDA (Actual) (x)	PER (CoE) (x)	PBR (Actual) (x)	Dividend Yield (CoE) (%)
Oisix Ra Daichi	3182	3/26	1,476	51.3	74	5.7	11.1	1.9	1.8
KOBE BUSSAN	3038	10/25	2,622	581.5	488.9	10.1	19.7	3.7	1.2
BLUE ZONES HD	417A	3/26	1,714	348.9	391.7	7.4	14.6	1.7	1.9
Base Food	2936	2/26	297	15.9	14.6	51.6	N/A	11.7	0
Silver Life	9262	7/25	728	8	7.9	4	9.8	1.1	2.5
Premium Water HD	2588	3/26	3,360	72.2	109.5	4.3	11.4	3.2	3.6
Kitanotatsujin Corp.	2930	2/26	122	17	11.3	10	23.2	2.1	2.9
Delica Foods HD	3392	3/26	801	13	18.6	5.5	7.4	1.2	3.4

Source: Company Data. Compiled by Strategy Advisors.

11. ESG Initiatives

1) Oisix ra daichi's Corporate Governance Structure

Corporate Governance Structure

The Group (the Company and its affiliates) consists of 35 consolidated subsidiaries and 4 affiliated companies. The organizational structure is that of a company with auditors. Regarding the Board of Directors, of the 9 directors, 4 are internal directors and 5 are outside directors (55.6% of directors are outside directors) and all 5 meet the independence criteria. There are 3 female directors, representing 33.3% of the board. Including the auditors, there are 4 female officers (30.8% of the total). There are 4 auditors, all of whom are outside auditors (and all 4 are independent officers).

Principle 4-8 of the Corporate Governance Code requires companies listed on the TSE Prime Market to have independent outside directors comprising at least 1/3 of the board; the company meets this standard. Furthermore, while the Tokyo Stock Exchange has set a target of achieving a female executive ratio of at least 30% by 2030, the company has met this standard ahead of schedule.

Since 2022, the company has voluntarily established a Nomination and Compensation Committee. The committee consists of 3 members, a majority of whom are independent outside directors, with the aim of ensuring the objectivity and transparency of procedures related to the nomination of directors and the determination of their compensation. There is no clearly defined succession plan for President Takashima. Going forward, the Nomination and Compensation Committee will make recommendations to the Board of Directors, including on the approach to formulating a succession plan and the Board will discuss these matters.

Figure 34 shows the skills matrix for the board of directors. The outside directors include a university professor specializing in human resources management and an executive of a company listed on the TSE Prime Market (Chairman and CEO of JINS Holdings). Two of the outside directors are former employees of Recruit and NTT Docomo, respectively, both of which are major shareholders.

Figure 34. Oisix ra daichi's Board of Directors Skills Matrix

Title	Name	Nomination/ Compensation Committee	Age	Gender	Tenure (yrs)	Corporate Management	Business strategy	Sales & Marketing	ESG & Sustainabi lity	Legal & Risk Managem ent	Finance & Accounting	Organizati on & Human Resources
Representative Director, CEO	Kohei Takashima	○	52	Male	26	●	●	●	●		●	
Director	Yusuke Tsutsumi		48	Male	26		●	●	●		●	
Director	Hiroyuki Ozaki		73	Male	17				●	●		●
Director	Kohei Matsumoto		42	Male	8		●			●	●	
External director	Mitsuyo Hanada	◎	77	Male	19				●	●		●
External director	Hitoshi Tanaka	○	63	Male	11	●	●	●	●			
External director	Junko Watabe		48	Female	7		●	●	●	●		
External director	Wakako Sakurai		53	Female	8	●	●	●				
External director	Misato Kowaki		42	Female	5		●	●	●			

Note: ◎ Chairperson, ○ Committee Member.

Source: Company Data. Compiled by Strategy Advisors.

2) Oisix ra daichi Shareholder Composition

Major Shareholders

Kohei Takashima, Representative Director and President - the central figure in the company's founding and the driving force behind its business - is the largest shareholder. As of the end of March 2026, he holds a 14% stake (excluding treasury stock; the same applies below). He plays a crucial role in all aspects of the Group's business activities, including management policies and strategies, and the company is highly dependent on his leadership. Should he be unable to perform his duties for any reason, this could impact the business and its performance and is cited as one of the business risks.

Additionally, on December 16, 2025, Grantham, Mayo, Van Otterloo Co. LLC (GMO), a U.S. asset management firm, acquired a portion of the shares previously held by Recruit, which was the third-largest shareholder. Recruit plans to maintain its status as a shareholder holding approximately 3% of the shares.

According to the large shareholding report filed on April 8, 2026, GMO made additional acquisitions, increasing its ownership stake from 9.3% (10.2% excluding treasury shares) to 10.5% (11.1% excluding treasury shares). Examples of its portfolio companies include TOSEI (8923 TSE Prime), Maxell (6810 TSE Prime), VALQUA (7995 TSE Prime), H.U. Group Holdings (4544 TSE Prime) and MUSASHI SEIMITSU INDUSTRY (7220 TSE Prime). Drew Edwards, Head of Japanese Equities at GMO, highly values the company's management team's disciplined reforms, strategic capital allocation policy and continued focus on optimizing resources for core businesses. He also recognizes the company as one capable of creating intrinsic and sustainable value for shareholders and a broad range of stakeholders over the medium to long term.

In 2022, the company received proposals from activist investor Hibiki Path Advisors regarding share buybacks and enhancing its presence in the medical food market. Additionally, according to the large shareholding report (as of February 15, 2024), Baillie Gifford Company, a Scottish asset management firm, holds a 9.3% stake (down from 9.7%).

In terms of ownership breakdown, individual investors hold 39.4%, foreign corporations and other entities hold 32.1%, others hold 7.1%, financial institutions hold 14.1%, securities firms hold 1.4% and treasury stock accounts for 6.0% (as of the end of March 2026).

Figure 35. Major Shareholders of Oisix ra daichi (As of March 31, 2026)

Major Shareholders	# of Shares Held	% of Shares Held (%)
Kohei Takashima	4,847,200	14
STATE STREET BANK AND TRUST COMPANY 505001	2,922,559	8.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,759,900	8
THE BANK OF NEW YORK 133612	2,595,800	7.5
The Bank of Japan, Ltd. (Trust Account)	2,221,100	6.4
THE BANK OF NEW YORK MELLON 140040	1,154,300	3.3
Kazuyoshi Fujita	1,032,516	3
NTT DOCOMO, Inc.	1,000,000	2.9
Recruit Co., Ltd.	1,000,000	2.9
NORTHERN TRUST CO.	925,242	2.7
Total	20,458,617	58.9

Note: Ratio to the total number of outstanding shares (excluding treasury stock).

Source: Company Data. Compiled by Strategy Advisors.

3) Oisix ra daichi's Sustainability

Diversity Initiatives

Women account for 51.7% of the workforce and 30.1% of management positions (as of the end of March 2026). The company is committed to further strengthening initiatives that provide equal opportunities to all employees and aim to increase the proportion of women in management positions across the entire Group. As mentioned earlier, women account for 30.8% of the Board of Directors.

The rate of male employees taking childcare leave is 100%. The firm aims to maintain this at 100% in FY3/27. The gender pay gap for all employees is 65% (FY3/26), indicating a significant disparity. According to the Japan Productivity Center, the overall average gender pay gap for companies listed on the TSE Prime Market in FY3/25 was 72%, while the figure for the wholesale and retail sector was 68.3%. It can be said that the Company's gap is larger than both the overall average and the industry average.

One contributing factor is the high proportion of non-regular employees at shipping centers, where women account for nearly 40% of the workforce. For FY3/26, the gender pay gap among regular employees was 69.0% (69.2% in FY3/25), while the gap among non-regular employees was 74.2% (84.2% in FY3/25).

As of the end of March 2026, the employment rate for people with disabilities stood at 2.9% (-0.2ppt YoY). Although the statutory employment rate for private companies will be raised to 2.7% starting in July 2026, the company has already achieved that level ahead of schedule. The ratio of mid-career hires is 90.8%. The company has not set specific numerical targets regarding mid-career hiring or the ratio of foreign executives.

Sustainability Framework

Under the corporate philosophy of "Farm for Tomorrow, Table for Tomorrow", the company aims to realize a sustainable society by solving social issues related to food through business methods. Centered on the Group ESG Committee (established in February 2026), chaired by President Takashima, the company examines risks and opportunities related to sustainability in general and the Board of Directors holds the responsibility and authority for its oversight.

All brands - including the B2C Subscription services "Oisix", "Radish Boya", "Daichi wo Mamoru Kai", as well as "SHiDAX", "Tokushimaru" and "Purple Carrot" operated by subsidiaries - use solving social issues related to food through their businesses as a foundation for growth. Taking into account the current business environment surrounding the Group and the consolidation of SHiDAX as a subsidiary, the Group has identified the following 6 areas as key sustainability initiatives and is working to create social and economic value and realize a sustainable society.

1. Reduction of environmental impact and establishment of resource circularity
2. Building a sustainable food infrastructure and fostering mutual prosperity with producers
3. Solving local challenges and co-creating communities through food infrastructure
4. Promoting well-being through “Delicious and Enjoyable Table”
5. Promoting diversity and strengthening human capital
6. Building transparent group governance and a robust management foundation

Addressing Environmental & Climate Change Issues

As part of our response to climate change, we have endorsed the Task Force on Climate-related Financial Disclosures (TCFD) since 2022 and have been disclosing information in accordance with the TCFD’s recommendations. Company policy is to analyze climate change scenarios, identify the impacts of climate-related risks and opportunities and incorporate these findings into our business operations, with the aim of achieving business growth, particularly through addressing social issues related to food.

Oisix is examining the risks and opportunities associated with climate change as of 2030 under two scenarios: one, in which global temperatures rise by 1.5°C from pre-industrial levels by 2100 (the 1.5°C scenario) and another in which they rise by 4°C (the 4°C scenario). In response to the risks identified through scenario analysis and the opportunities arising from them, the company is undertaking initiatives to address social issues, particularly those related to “reducing food loss”, “reducing plastic”, “meeting consumer health needs” and “sustainability across the entire supply chain”.

In particular, the company has established a growth model based on food subscription services and operates multiple businesses centered on domestic home delivery, achieving low levels of food loss across the supply chains for “farm”, “logistics” and “dining table”. To reduce environmental impact, the company has established a unique model that encompasses upstream producers (domains), midstream logistics platforms and downstream dining tables. By leveraging its accumulated expertise, the company aims to embody “sustainable retail” - contributing to the resolution of social issues across all scenarios - and reduce food loss.

Regarding the reduction of Scope 1 and 2 greenhouse gas emissions, the company has set a target of achieving a renewable energy usage rate of 50% or more at its facilities by March 2030.

Figure 36. Company-wide Target for Greenhouse Gas Emission Reduction

Item	Goals by March 2030	Implementation Details
Scope 1 and 2	Continue to achieve reductions of 50% or more compared to March 2022	<ul style="list-style-type: none"> •Energy conservation •Promoting the adoption of renewable energy for electricity at offices and all logistics facilities
Scope 3	Increase the number of suppliers actively working toward reductions	<ul style="list-style-type: none"> •Promoting green initiatives in agricultural production, such as the use of biochar •Making product packaging more environmentally friendly •Reducing food waste •Promoting the recycling of food scraps

Note: Domestic business sites and offices.

Source: Company Data. Compiled by Strategy Advisors.

Human Capital Strategy

To ensure alignment between business strategy and human resources strategy, the Director in charge of Human Resources also serves as an Executive Officer, establishing a system where this individual is consistently responsible for everything from strategy formulation to execution. Furthermore, by establishing a governance structure in which the Management Committee oversees the effectiveness and control of the human capital strategy, the company ensures a solid foundation for contributing to business management. Under the vision of “creating a company where people can grow and be nurtured and where employees can work with vitality”, the firm is promoting the following 3 human resource development strategies.

1. Foster job satisfaction by pursuing diversity and ease of work in the eyes of employees as well as a sense of contribution to our philosophy through the penetration and embodiment of our code of conduct
2. Develop and acquire the necessary human resources to realize the medium-term business portfolio strategy
3. Support employees in creating autonomous careers and growth opportunities to "create active human resources"

To realize its corporate philosophy, “Farm for Tomorrow, Table for Tomorrow”, the company has established 7 codes of conduct known as “ORDism”. To instill this philosophy and these codes of conduct, the company listens to the voices of contract farmers and customers who use its services, visits production sites and provides opportunities to experience farm work firsthand.

To realize its mid-term business portfolio strategy, the company is building and systematizing development programs, including succession planning for key departments. Additionally, under the guidance of Mitsuyo Hanada, an outside director and Professor Emeritus at Keio University, the company has designed a unique “Self-Career Dock” system to support employees in managing their careers autonomously.

Community Building

To foster community, Oisix offers the “Kit Oisix” series - which combines ingredients and recipes - and “Deli Oisix” products that require only heating, freeing customers from the hassle of grocery shopping and meal planning to create more free time. Furthermore, to address the shortage of childcare workers, the company offers “Sukusuku Oisix”, a commercial meal kit featuring pre-prepared ingredients that reduce cooking time, as well as ready-to-eat foods, thereby contributing to labor savings.

To address social issues such as “shopping-impaired individuals” and “food deserts” - where access to shopping is difficult - the firm operates “Tokushimaru”, a mobile supermarket utilizing light trucks. Oisix brings goods right to consumers’ doorsteps, allowing them to “see, touch, feel and choose” products in person through face-to-face sales, so they can experience the true joy of shopping. Currently, a total of approximately 1,200 vehicles are in operation across all prefectures nationwide.

Through “We Support Family”, a food assistance project targeting low-income families with children - primarily single-parent households - the firm has donated a total of ¥2.1 billion worth of relief supplies to 32,000 households (as of the end of March 2026).

Collaboration with Niigata University

The company announced in March 2026 that it would partner with Niigata University to launch the “Food Tech Innovation Program” (Tentative Name), a degree program within the university’s graduate school, in April 2028. This program is the first initiative in Japan to utilize the Ministry of Economy, Trade and Industry’s “Contract Department System”. Leveraging government subsidies, the company will provide funding to Niigata University with the aim of cultivating practical, immediately employable talent. The two parties have set a goal of producing more than 100 highly skilled professionals who will pioneer the future of global food by 2035.

12. Risk Factors

The following are the main risks that could affect the Group's business performance and stock price trends.

System Failures

1. System Failures in the Supply Chain

The Group's food delivery business relies on business management systems for the majority of its operations, ranging from website management to order receipt, ordering, procurement, inventory management, shipping and sales recording. Furthermore, the Group conducts its business in collaboration with numerous business partners across the logistics chain, from procurement to the last mile. If system failures or problems occur within the Group or its supply chain due to various factors - such as a sudden surge in traffic, computer virus infections, acts of sabotage or defects in developed applications - this could adversely affect the Group's business and financial performance.

To prepare for these risks, the Group has implemented redundancy measures in its business management systems, such as maintaining backup systems and backup data, as well as measures to prevent external attacks, including firewalls and virus checks.

Stagflation Risk

2. Stagflation Risk

The Group's food delivery business primarily offers products in the premium price range and there is a risk that demand for these products may decline relatively compared to other food items during an economic downturn. On the other hand, in the event of large-scale wind and flood damage or other abnormal weather conditions, problems such as product shortages, quality deterioration, stagnation in product distribution and logistics and rising purchase prices may arise. If these events occur simultaneously, leading to a state of stagflation, this could impact the Group's business and financial performance.

The Group has diversified its sourcing regions across Japan and has established a system that, in principle, allows for procurement of major items from multiple regions.

Global Supply Chain

3. Risks Related to the Global Supply Chain

The Group's food delivery business relies primarily on trucking for its logistics operations. Should crude oil prices surge due to supply issues or other disruptions in the global supply chain, transportation costs may rise. Additionally, purchase prices may increase due to rising costs of agricultural supplies, fuel and fertilizers used by contracted farmers who are the Group's suppliers.

Accidents

4. Occurrence of Accidents

The Group provides food ingredient and meal delivery services through its B2C Subscription and B2B Subscription businesses. In the event of food poisoning, foreign object contamination, or allergic reactions resulting from the Group's hygiene management, the Group may face a temporary suspension of operations at the affected location or be held liable for damages.

In the Social Service Business, the Group is contracted to manage and operate public facilities; if a serious accident or similar incident occurs during facility operations, the Group may face liability for damages or receive a suspension of operations order from the relevant local government or other authorities.

To prevent serious accidents from occurring, the Group strives to comply with safety laws and regulations as well as the Group's own rules, standards and manuals; and regularly monitors the status of business operations through internal audits.

Concentration of Logistics Operations

5. Centralization of Logistics Operations

The Group operates its own logistics centers, consolidating logistics-related operations such as inspection, storage, sorting and packaging of handled products. Primarily, the Oisix brand ships to customers from logistics centers in Ebina City and Atsugi City, Kanagawa Prefecture; the Daichi wo Mamoru Kai brand from a logistics center in Narashino City, Chiba Prefecture. The Radish Boya brand is shipped from 4 locations nationwide. If these logistics centers become unable to operate due to natural disasters or fires, situations such as inventory loss, delivery delays or temporary suspension of services could occur, which could affect the Group's business and performance.

The Group's policy is to maximize the continuity of shipments to customers by adjusting delivery operations to utilize operational sites among its 7 nationwide locations in the event of an emergency.

Business Relationship with Yamato Transport in Logistics

6. Business Relationship with Yamato Transport in Logistics

For the Oisix brand, which accounts for over 60% of the B2C Subscription business's net sales, product delivery to customers is handled by Yamato Transport, a shareholder. If Yamato Transport were to demand a significant increase in delivery fees or a reduction in the scope of the business relationship, this could impact the Group's business and financial performance.

To prepare for this risk, the Group is striving to maintain a good business relationship with Yamato Transport by collaborating on projects not only for last-mile delivery, but also for procurement logistics.

Figure 37. Consolidated Income Statement (¥mn)

Fiscal Year	3/20	3/21	3/22	3/23	3/24	3/25	3/26	3/27 CoE
Net Sales	71,040	100,061	113,476	115,176	148,408	256,009	251,419	252,000
Cost Of Sales	37,222	49,439	58,921	59,740	86,555	180,798	177,505	
Gross Profit	33,817	50,622	54,555	55,436	61,852	75,210	73,913	
Gross Profit Margin	47.6%	50.6%	48.1%	48.1%	41.7%	29.4%	29.4%	
SG&A Expenses	31,350	43,156	50,383	52,089	56,726	68,345	66,574	
Operating Profit	2,467	7,465	4,171	3,346	5,125	6,864	7,339	8,700
Operating Profit Margin	3.5%	7.5%	3.7%	2.9%	3.5%	2.7%	2.9%	3.5%
Amortization of Goodwill								
Depreciation	1,100	1,435	2,042	2,248	3,115	5,935	5,574	4,700
EBITDA	3,595	8,902	6,216	5,595	8,241	12,800	12,914	13,400
Non-Operating Income	63	92	134	84	255	930	512	
Non-Operating Expenses	705	520	152	620	960	1,233	1,011	
Ordinary Profit	1,825	7,037	4,153	2,810	4,420	6,561	6,840	
Ordinary Profit Margin	2.6%	7.0%	3.7%	2.4%	3.0%	2.6%	2.7%	
Extraordinary Income	-	-	223	-	3,453	439	2,351	
Extraordinary Expenses	77	46	18	158	1,475	441	1,756	
Profit Before Income Taxes	1,747	6,991	4,358	2,652	6,398	6,559	7,435	
Cooperate Taxes	965	2,018	1,700	1,198	2,834	3,095	2,830	
(Corporate Tax Rate)	55.2%	28.9%	39.0%	45.2%	44.3%	47.2%	38.1%	
Profit	782	4,973	2,657	1,454	3,564	3,464	4,604	
Profit (Loss) Attributable to Non-controlling Interests	-7	-57	-69	-353	-544	-173	77	
Profit Attributable to Owners of Parent	790	5,031	2,727	1,807	4,108	3,638	4,527	4,600
Net Profit Margin	1.1%	5.0%	2.4%	1.6%	2.8%	1.4%	1.8%	1.8%
EPS (¥)	23.19	133.75	74.64	49.45	112.38	103.13	130.34	132.44

Source: Company Data. Compiled by Strategy Advisors.

Oisix ra daichi | 3182 (TSE Prime)

Figure 38. Consolidated Segment Earnings (Previous Basis) (¥mn)

FY	3/24	3/25	3/26	3/27 CoE
Segment Sales				
B2C Subscription	99,383	97,152	94,286	95,300
Oisix	62,377	59,662	60,114	63,500
Others (Daichi+Radish+Purple Carrot)	37,005	37,489	34,172	31,800
Daichi wo Mamoru Kai	11,327	10,753	10,179	—
Radish Boya	16,596	16,642	16,676	—
Purple Carrot	9,082	10,093	7,317	—
B2B Subscription	14,976	76,576	83,385	91,800
Social Service	11,383	36,559	40,378	46,500
Vehicle Operation Service	6,229	27,174	14,584	—
Other Business	18,027	21,138	21,702	21,500
Consolidation Adjustments	-1,592	-2,592	-2,918	-3,100
Consolidated Sales	148,408	256,009	251,419	252,000
Segment EBITDA & Operating Profit				
B2C Subscription	10,926	12,343	11,284	11,600
Oisix	7,399	9,148	8,362	9,000
Others (Daichi+Radish+Purple Carrot)	3,527	3,195	2,921	2,600
B2B Subscription	828	2,503	4,062	5,700
Social Service	146	1,546	1,839	2,000
Vehicle Operation Service	522	2,848	1,866	—
Other Business	1,307	1,331	1,000	1,350
Corporate Expenses and Others	-8,606	-13,709	-12,714	-11,950
Corporate Expenses	-5,491	-7,773	-7,139	-7,250
Amortization of Goodwill, Depreciation	-3,115	-5,935	-5,574	-4,700
Operating Profit	5,125	6,864	7,339	8,700
EBITDA	8,241	12,800	12,914	13,400
YoY				
Segment Sales				
B2C Subscription	0.9%	-2.2%	-3.0%	1.1%
Oisix	5.0%	-4.4%	0.8%	5.6%
Others (Daichi+Radish+Purple Carrot)	-5.2%	1.3%	-8.8%	-6.9%
Daichi wo Mamoru Kai	-8.2%	-5.1%	-5.3%	-
Radish Boya	-2.0%	0.3%	0.2%	—
Purple Carrot	-7.0%	11.1%	-27.5%	—
B2B Subscription	—	—	8.9%	10.1%
Social Service	—	—	10.4%	15.2%
Vehicle Operation Service	—	—	-46.3%	—
Total	28.9%	72.5%	-1.8%	0.2%

Source: Company Data. Compiled by Strategy Advisors.

Figure 39. Consolidated Balance Sheet (¥mn)

FY	3/20	3/21	3/22	3/23	3/24	3/25	3/26
Current Assets	18,250	29,301	28,514	30,680	61,278	53,246	53,235
Cash and Deposits	7,676	15,580	13,071	14,775	29,649	19,155	21,263
Accounts Receivable	6,824	8,485	8,964	9,626	24,879	25,938	23,678
Inventories	1,610	2,237	2,565	2,478	3,708	4,752	4,851
Allowance for doubtful accounts	-231	-205	-232	-234	-285	-246	-262
Others	2,371	3,204	4,146	4,035	3,327	3,647	3,705
Fixed Assets	7,837	9,059	24,119	33,821	82,431	81,317	54,902
Tangible Fixed Assets	1,432	2,234	16,482	16,399	26,400	27,066	23,437
Intangible Fixed Assets	4,234	3,763	3,533	3,609	43,963	42,127	22,977
Investments and Other Assets	2,170	3,062	4,103	13,812	12,067	12,123	8,487
Investment Securities	833	1,217	1,796	11,450	3,339	3,841	3,680
Deferred Tax Assets	438	813	656	788	5,132	4,151	2,381
Others	899	1,032	1,651	1,574	3,596	4,131	2,426
Total Assets	26,087	38,360	52,634	64,502	143,709	134,564	108,137
Current Liabilities	11,043	17,540	15,914	26,231	62,875	45,933	47,915
Accounts Payable	4,975	6,173	6,188	6,309	11,159	11,671	10,345
Accounts Payable - other	4,277	6,178	5,855	6,988	24,862	15,480	13,930
Interest-Bearing Debt	9	1,049	1,049	10,087	17,211	11,979	15,820
Unpaid Corporate Taxes	651	2,292	226	831	3,224	797	2,277
Contract Liabilities	-	-	250	397	505	499	533
Others	1,131	1,848	2,346	1,619	5,914	5,507	5,010
Non-Current Liabilities	848	828	12,847	12,130	43,432	49,143	31,152
Interest-Bearing Debt	43	245	101	74	14,648	21,401	9,057
Deferred Tax Liabilities	138	13	29	21	8,911	8,682	4,608
Others	667	570	12,717	12,035	19,873	19,060	17,487
Total Liabilities	11,891	18,369	28,762	38,361	106,307	95,076	79,067
Total Net Assets	14,195	19,991	23,872	26,140	37,401	39,487	29,069
Shareholders' Equity	14,081	19,223	21,954	23,764	27,878	28,978	26,110
Share capital	1,691	3,993	3,994	3,995	3,995	3,995	3,995
Capital surplus	5,705	8,014	8,015	8,016	8,021	8,053	6,456
Retained Earnings	6,687	11,718	14,448	16,255	20,364	23,736	20,217
Treasury Shares	-2	-4,502	-4,503	-4,503	-4,504	-6,807	-4,559
Accumulated Other Comprehensive Income	-60	-133	177	832	1,179	1,403	1,212
Stock Acquisition Rights	-	-	-	-	38	75	37
Non-Controlling Interests	174	900	1,739	1,542	8,306	9,030	1,709
Total Liabilities and Net Assets	26,087	38,360	52,634	64,502	143,709	134,564	108,137
Equity Capital	14,020	19,090	22,132	24,597	29,057	30,381	27,323
BPS	408.53	522.62	605.63	672.84	794.83	874.72	786.67

Note: Interest-bearing debt is calculated excluding lease liabilities.

Source: Company Data. Compiled by Strategy Advisors.

Figure 40. Cash Flow Statement (¥mn)

FY	3/20	3/21	3/22	3/23	3/24	3/25	3/26
Cash Flows from Operating Activities							
Profit Before Taxes	1,747	6,991	4,358	2,652	6,398	6,559	7,435
Depreciation and Amortization of Goodwill	1,100	1,435	2,042	2,248	3,115	5,935	5,574
Increase/Decrease in Trade Receivables	-1,268	-1,611	-461	-660	363	-1,027	-1,413
Increase/Decrease in Notes and Accounts Payable-Trade	500	1,189	-38	55	-648	413	-1,221
Increase/Decrease in Inventories	-157	-565	-299	144	45	-857	-115
Impairment Losses	23	20	9	14	420	221	1,707
Income Taxes Paid	-323	-940	-3,501	-752	-1,358	-4,574	-1,965
Others	-542	2,300	-1,186	1,605	-613	-3,174	-718
Total	1,080	8,819	924	5,306	7,722	3,496	9,284
Cash Flows from Investing Activities							
Purchase of Property, Plant and Equipment	-559	-1,026	-2,199	-1,228	-1,623	-2,552	-1,104
Purchase of Intangible Assets	-699	-845	-673	-848	-1,159	-852	-771
Purchase of Investment Securities	-93	-835	-648	-10,222	-997	-635	-296
Proceeds from Sales and Redemption of Investment Securities	0	10	-	100	369	-	-
Purchase of Shares of Subsidiaries and Associates	-119	-9	-	-	-	-45	0
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	-362	64	-	-	-7,217	-8,261	0
Others	78	-139	-590	63	-188	-106	4,208
Total	-1,754	-2,780	-4,110	-12,135	-10,815	-12,451	2,037
Cash Flows from Financing Activities							
Increase/Decrease in Short-term Borrowings	0	1,000	10	9,050	4,984	-4,988	4,360
Increase/Decrease in Long-term Borrowings	-682	87	-61	-39	13,925	6,097	-9,856
Proceeds from the Issuance of Shares	812	4,586	2	2	-	-	-
Purchase of Treasury Shares	0	-4,500	0	0	0	-2,311	-730
Dividends Paid	-	-	-	-	-	-	-277
Others	124	721	685	-748	-1,174	-349	-2,683
Total	254	1,894	636	8,265	17,735	-1,551	-9,186
Exchange Differences on Cash and Cash Equivalents	-19	-35	30	250	77	21	0
Net Increase/Decrease in Cash and Cash Equivalents	-438	7,898	-2,519	1,686	14,720	-10,485	2,136
Cash and Cash Equivalents at Beginning of Period	8,093	7,654	15,552	13,033	14,720	29,440	18,955
Cash and Cash Equivalents at End of Period	7,654	15,552	13,033	14,720	29,440	18,955	21,091
Free Cash Flow	-674	6,039	-3,186	-6,829	-3,093	-8,955	11,321

Source: Company Data. Compiled by Strategy Advisors.

Figure 41. Key Indicators

FY	3/20	3/21	3/22	3/23	3/24	3/25	3/26
EPS (¥)	23.19	133.75	74.64	49.45	112.38	103.13	130.34
BPS (¥)	408.5	522.6	605.6	672.8	794.8	874.7	786.7
DPS (¥)	0	0	0	0	0	0	20
Dividend Payout Ratio	-	-	-	-	-	-	15.3%
# of Shares Outstanding at Year-End ('000)	34,324.1	37,998.9	38,014.9	38,028.1	38,028.1	38,028.1	36,940.0
# of Treasury Shares ('000)	3.8	1,469.7	1,469.8	1,470.0	1,470.1	3,295.2	2,207.2
# of Shares Outstanding excl. Treasury Shares ('000)	34,320.3	36,529.3	36,545.1	36,558.1	36,558.0	34,732.9	34,732.8
Average # of Shares Outstanding ('000)	34,075.6	37,615.3	36,542.7	36,555.9	36,558.1	35,276.1	34,732.9
Equity Ratio	53.7%	49.8%	42.0%	38.1%	20.2%	22.6%	25.3%
Interest-Bearing Debt (¥Mn)	52	1,294	1,150	10,161	31,859	33,380	24,877
Interest-Bearing Debt (Net, ¥Mn)	-7,624	-14,286	-11,921	-4,614	2,210	14,225	3,614
D/E Ratio	0.00	0.07	0.05	0.41	1.09	1.10	0.91
Net D/E Ratio	-0.54	-0.75	-0.54	-0.19	0.08	0.47	0.13
OP Margin	3.5%	7.5%	3.7%	2.9%	3.5%	2.7%	2.9%
EBITDA (¥mn)	3,595	8,902	6,216	5,595	8,241	12,800	12,914
EBITDA Margin	5.1%	8.9%	5.5%	4.9%	5.6%	5.0%	5.1%
ROE	6.0%	30.4%	13.2%	7.7%	15.3%	12.2%	15.7%
ROIC (Invested Capital)	11.1%	30.6%	8.4%	5.0%	3.3%	4.2%	5.5%
# of Employees	860	915	986	1,032	11,456	11,818	8,196

Note: Interest-bearing debt is calculated excluding lease liabilities.

Source: Company Data. Compiled by Strategy Advisors.

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